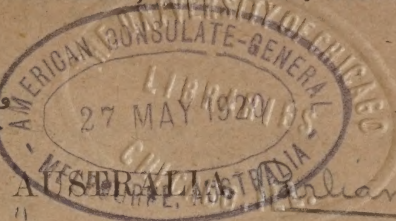


No. 19.

ISSUED SATURDAY, 22ND MAY, 1920.

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COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES.

FIRST SESSION, 1920.

CONTENTS.

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EIGHTH PARLIAMENT.

FIRST SESSION.

Governor-General.

His Excellency the Right Honorable Sir RONALD CRAUFORD MUNRO FERGUSON, a Member of His Majesty's Most Honorable Privy Council, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, and Commander-in-Chief in and over the Commonwealth of Australia

Australian National Government.

(From 10th January, 1918.)

Prime Minister and Attorney-General ..	..	The Right Honorable William Morris Hughes, P.C., K.C.
Minister for the Navy ..	..	The Right Honorable Sir Joseph Cook, P.C., G.C.M.G.
Treasurer ..	..	The Right Honorable Lord Forrest, P.C., G.C.M.G.
		<i>Succeeded by</i>
Minister for Defence ..	..	The Right Honorable William Alexander Watt, P.C. (27th March, 1918).
Minister for Repatriation ..	..	The Honorable George Foster Pearce.
Minister for Works and Railways ..	..	The Honorable Edward Davis Millen.
		<i>Succeeded by</i>
		The Right Honorable William Alexander Watt, P.C.
Minister for Home and Territories ..	..	The Honorable Littleton Ernest Groom (27th March, 1918).
		The Honorable Patrick McMahon Glynn, K.C. †††
		<i>Succeeded by</i>
Minister for Trade and Customs ..	..	The Honorable Alexander Poynton (4th February, 1920).
		The Honorable Jens August Jensen.†
		<i>Succeeded by</i>
		The Right Honorable William Alexander Watt, P.C. (13th December, 1918).
		<i>Succeeded by</i>
Postmaster-General ..	..	The Honorable Walter Massy Greene (17th January, 1919).
		The Honorable William Webster. †††
		<i>Succeeded by</i>
Vice-President of the Executive Council ..	..	The Honorable George Henry Wise (4th February, 1920).
		The Honorable Littleton Ernest Groom.
		<i>Succeeded by</i>
Honorary Minister ..	..	The Honorable Edward John Russell (27th March, 1918).
		The Honorable Edward John Russell.
Honorary Minister ..	..	Appointed Vice-President of the Executive Council, 27th March, 1918.
		The Honorable Alexander Poynton.
Honorary Minister ..	..	Appointed Minister for Home and Territories, 4th February, 1920.
		The Honorable George Henry Wise.
Honorary Minister ..	..	Appointed Postmaster-General, 4th February, 1920.
		The Honorable Walter Massy Greene.
Honorary Minister ..	..	Appointed Minister for Trade and Customs, 17th January, 1919.*
Honorary Minister ..	..	The Honorable Richard Beaumont Orchard.**
Honorary Minister ..	..	The Honorable Sir Granville de Laune Ryle, K.C.M.G., O.B., V.D. ††
		The Honorable William Henry Laird Smith.††

* Appointed 26th March, 1918.—† Removed from office, 13th December, 1918.—** Resigned office 31st January, 1919.—†† Appointed 4th February, 1920.—††† Resigned 3rd February, 1920.

Senators.

President—Senator the Honorable Thomas Givens.

Chairman of Committees—Senator John Wallace Shannon.

*Bakhap, Thomas Jerome Kingston (T.)	Lynch, Hon. Patrick Joseph (W.A.)
Barker, Stephen (V.)	Maughan, William John Ryott (Q.)
Barnes, John (V.)	†McDougall, Allan (N.S.W.)
Bolton, William Kinsey (V.)	Millen, Hon. Edward Davis (N.S.W.)
†Buzacott, Richard (W.A.)	†Muleahy, Hon. Edward (T.)
Crawford, Thomas-William (Q.)	Needham, Edward (W.A.)
De Largie, Hon. Hugh (W.A.)	†Newland, John (S.A.)
Earle, Hon. John (T.)	O'Keefe, Hon. David John (T.)
Fairbairn, George (V.)	O'Loughlin, Hon. James Vincent (S.A.)
Ferriks, Myles Aloysius (Q.)	Pearce, Hon. George Foster (W.A.)
Foll, Hattil Spencer (Q.)	Plain, William (V.)
Gardiner, Hon. Albert (N.S.W.)	Pratten, Herbert Edward (N.S.W.)
Givens, Hon. Thomas (Q.)	Reid, Matthew (Q.)
Grant, John (N.S.W.)	Rowell, James, O.B. (S.A.)
Guthrie, Robert Storrie (S.A.)	Russell, Hon. Edward John (V.)
Guy, James (T.)	Senior, William (S.A.)
Henderson, George (W.A.)	Shannon, John Wallace (S.A.)
Keating, Hon. John Henry (T.)	Thomas, Hon. Josiah (N.S.W.)
*Long, Hon. James Joseph (T.)	

1. Appointed Temporary Chairman of Committees, 26th February, 1920.—* Resignation reported, 20th December, 1918.

† Appointed by State Parliament, 15th January, 1919.—Sworn 26th June, 1919, and elected to fill vacancy, 13th December, 1919.—Sworn 13th May, 1920.

to vote for it? Whatever action may be taken will depend entirely on the views of the Government in office. If there is a Government in office in favour of continuing this Combine it will be prepared to pass this legislation, but if there is in office a Government opposed to a monopoly of this kind there is no power under this agreement to compel a majority in this Parliament to do anything.

Mr. TUDOR (Yarra) [10.56].—The honorable member is correct in saying that if the Government in power is opposed to this agreement it may under paragraph 14 of the schedule take away a great deal of the power the Anglo-Persian Company will have by means of the Tariff. But I have said twice already in the discussion upon this Bill that I desire to be perfectly honest with these people, and so far as the provision with respect to the duty is concerned, I say that I do not feel myself bound by it. If the Government intend to bolster up the Anglo-Persian Company they can impose a duty of 1s. per gallon, and refund it under the circumstances set forth, but there is nothing in the agreement to prevent the next Government, should it be opposed to the company, imposing a duty of one-thousandth part of a penny per gallon, and refunding that. I was glad to hear the Prime Minister (Mr. Hughes) say that my efforts in connexion with the Tariff diverted his infant footsteps into the path of Protection. I hope that the Minister for the Navy (Sir Joseph Cook), the honorable member for Grey (Mr. Poynton), and the honorable member for North Sydney (Sir Granville Ryrie) have also been converted.

Mr. HECTOR LAMOND.—The honorable member will need a few to make up for the falling off of others.

Mr. TUDOR.—The honorable member who interjects is also concerned in this matter, and it looks as if we are going to have stirring times when we are considering the new Tariff, which I look forward to with a great deal of pleasure. I shall not be found backward in supporting Australian industries, but I shall object to differential treatment of Australian industries.

Amendment negatived.

Proposed new schedule agreed to.

Title agreed to.

Bill reported with an amendment.

40

Standing Orders suspended, and report adopted.

Bill read a third time.

Motion (by Mr. HUGHES) agreed to—

That the House, at its rising, adjourn until half-past 2 o'clock p.m. to-morrow.

Mr. HUGHES (Bendigo—Prime Minister and Attorney-General) [11.0].—I move—

That the House do now adjourn.

It is proposed to-morrow to deal first of all with the Estimates, and, if the House approves, with the amendments of the War Gratuity Act which have been agreed upon. A short measure for that purpose will be introduced.

Question resolved in the affirmative.

House adjourned at 11.1 p.m.

Wednesday, 19 May, 1920.

The PRESIDENT (Senator the Hon. T. Givens) took the chair at 3 p.m., and read prayers.

Senator MILLEN (New South Wales—Minister for Repatriation) [3.0].—I have to say, for your information, sir, and that of the Senate, that His Excellency the Governor-General has intimated that he will be pleased to receive, at Government House, the Address-in-Reply to His Excellency's Opening Speech, passed by the Senate some time ago, at 20 minutes past 3 to-day.

Assent reported.

PAPERS.

The following papers were presented:—

Convention between Greece and Bulgaria, signed at Neuilly-sur-Seine, 27th November, 1919.

Defence Act.—Regulations amended.—Statutory Rules 1920, No. 67—No. 69.

Income Tax—Royal Commission—Report.

Lands Acquisition Act.—Land acquired at North Fitzroy, Victoria—For Defence purposes.

Peace Treaty between Allied and Associated Powers and Bulgaria, and Protocol, signed at Neuilly-sur-Seine, 27th November, 1919.

Profiteering Act—Findings by a Committee appointed to investigate the cost of Production and Distribution of Wool Tops and Yarns at all stages, and the Profits arising therefrom.

WHEAT POOL.

PAYMENTS TO MEMBERS OF WHEAT BOARD.

Senator THOMAS.—I ask the Leader of the Government in the Senate—

1. Is it a fact that since the 1st May, 1919, ten sittings of the Wheat Board have been held?

2. Is it a fact that the Prime Minister attended three meetings, Senator Russell ten meetings, and the Ministers of Agriculture of the various States attended seven meetings?

3. That the growers' representative for New South Wales, Mr. Drummond, attended nine meetings; the Victorian representative, Mr. W. C. Hill, nine meetings; the South Australian representative, Mr. Giles, ten meetings; and the Western Australian representative, Mr. J. Gibbon, six meetings?

4. Is it a fact that the Ministers received neither fees nor travelling expenses?

5. That the wheat-growers' representatives are paid £4 4s. per day, from time of leaving to return home, together with any expenses of travelling actually incurred, such as train fares, &c.?

6. Is it a fact that Mr. Drummond received £275 12s. 2d.; Mr. Hill, £154; Mr. Giles, £464; and Mr. Gibbon, £607 15s. 8d.?

7. Is it a fact that Mr. Gibbon received for ten sittings £7 15s. 8d. more than the senators of Western Australia for twelve months' attendance?

8. If these statements are correct, I should like also to ask whether there are any vacancies on the Wheat Board, and, if so, whether the Minister would bring before the proper authorities the claims of senators?

The PRESIDENT (Senator the Hon. T. Givens).—I remind the honorable senator that in his last question he asked whether the statements contained in his questions were correct, and it is not permissible to make statements in asking a question.

Senator THOMAS.—I will put it in any way you like, sir, so long as I get the information.

Senator MILLEN.—So far as I know, the answers to all but the last question put by the honorable senator should be in the affirmative. But as to the last question, suggesting that I should inform honorable senators of any existing vacancies on the Wheat Board, let me say that I think it is asking too much of human nature to suppose that if I knew of a vacancy for a profitable position like that I should be disposed to proclaim it from the housetops.

PERSONAL EXPLANATION.

PRICE PAID FOR IMPORTED SUGAR.

Senator CRAWFORD—(*By leave.*)—I wish to make a personal explanation to the Senate. When I was speaking last Wednesday on the sugar purchase Bill, Senator Pratten interjected—

The honorable senator must be aware that up to 1919 Java sugar was much cheaper than the Australian product.

At the time I was under the impression that Senator Pratten referred only to the year immediately preceding 1919, and in reply I said that I had not contended that it was otherwise. I am afraid that this reply conveyed to the Senate a quite erroneous impression of the actual position. I, therefore, now desire to say briefly that in 1914, after the outbreak of war, the price of sugar f.o.b. Java was £20 per ton. The price received by Australian producers for that year's output was £14 15s. 11d. per ton. In 1915, the average price paid by the Commonwealth Government for sugar purchased abroad was £18 4s. 4d. In 1916 it was £20 12s. 4d. The price paid for Australian raw sugar during 1915 and 1916 was £18 per ton. During the years 1914, 1915, and 1916, therefore, sugar was purchased in Australia at a price on the average considerably below the prices ruling in other countries.

FEDERAL TERRITORY.

ISSUE OF BUTCHERS' LICENCES.

Senator THOMAS.—I ask the Minister representing the Minister for Home and Territories, if it is permissible for a person to open a butcher's shop in the Federal Territory in order to supply meat to the residents of that Territory?

Senator RUSSELL.—The honorable senator previously intimated his intention

to ask this question, and I am now able to furnish him with the following reply:—

An Ordinance is in the course of preparation under which authority is granted to the Minister to issue butchers' licences, but in the meantime no permits can be granted. It is anticipated that the Ordinance will be in operation early in July next.

Senator THOMAS.—So up to the present the people there have not been able to get a butcher's shop?

Senator RUSSELL.—No.

BLANKETS FOR BROKEN HILL.

Senator THOMAS.—I wish to ask the Minister for Defence, in view of the fact that some time ago 1,000 blankets were promised by the Defence Department to the benevolent society in Broken Hill for distribution amongst the distressed, and that until recently only 670 had been delivered to the society, whether the remainder have been forwarded, or, if not, are they still likely to be?

Senator PEARCE.—Six hundred and seventy blankets were sent when the approval was given. I remind the honorable senator that they were a free gift. It was intended to obtain the remainder from the New South Wales district, but it was found after some delay that that district had none left. In the meantime we had disposed of some 500 to the Home and Territories Department in South Australia for some purpose or other. It was found that that Department did not require them all, and negotiations were set on foot to see if we could get some back. After some delay we were successful, and 375 blankets—the balance—were sent from Adelaide yesterday.

OIL AGREEMENT BILL.

Bill received from the House of Representatives, and read a first time.

Senator PEARCE (Western Australia—Minister for Defence) [3.13].—I move—

That so much of the Standing and Sessional Orders be suspended as would prevent the Bill being passed through all its stages without delay.

I do this so that we may get straight on with the Bill, as it is practically the only business before the Senate.

Senator GRANT.—I object to the suspension of the Standing Orders for this purpose.

The PRESIDENT (Senator the Hon. T. Givens).—The honorable senator

can record a vote against the motion if he chooses.

Question put.

Honorable senators having given their voices,

The PRESIDENT.—I think the ayes have it, but, in order to make sure that the statutory majority is in favour of the suspension of the Standing Orders without notice, the Senate will divide.

The Senate divided—

Ayes	19
Noes	1

Majority	18
------------------	----

AYES.

Bakhap, T. J. K.	Newland, J.
Bolton, W. K.	Pearce, G. F.
Buzacott, R.	Plain, W.
Crawford, T. W.	Pratten, H. E.
Earle, J.	Russell, E. J.
Fairbairn, G.	Senior, W.
Foll, H. S.	Shannon, J. W.
Givens, T.	Thomas, J.
Keating, J. H.	<i>Teller:</i>
Millen, E. D.	de Largie, H.

NOES.

Teller:

Grant, J.

The PRESIDENT.—There being the full statutory majority required voting in the affirmative, I declare the motion carried.

GOVERNOR-GENERAL'S SPEECH.

PRESENTATION OF ADDRESS-IN-REPLY.

The PRESIDENT (Senator the Hon. T. Givens).—I shall suspend the sitting until a quarter to 4 o'clock, to enable the Address-in-Reply to the Speech of His Excellency the Governor-General to be presented at Government House. I shall be glad if as many honorable senators as can find it convenient will accompany me.

Sitting suspended from 3.18 to 3.45 p.m.

The PRESIDENT.—I have to report that, accompanied by honorable Ministers and honorable senators, I attended at Government House and presented to the Governor-General the Address-in-Reply which was adopted by the Senate. His Excellency was pleased to make the following reply:—

MR. PRESIDENT AND GENTLEMEN,

It gives me much pleasure to receive the Address which has been adopted by the Senate in reply to the speech which I delivered on the occasion of the opening of the First Session

of the Eighth Commonwealth Parliament. I desire to thank you for your expression of loyalty to His Majesty the King.

WAR GRATUITY BILL (No. 2).

Bill received from the House of Representatives, and (on motion by Senator PEARCE) read a first time.

SUGAR.

GROCERS' PROFITS.

Senator EARLE (for Senator BARNARD) asked the Leader of the Government in the Senate, upon notice—

If consideration will be given to the statement of the Hobart Merchants' Association that working expenses and the very much larger amount of capital now necessary, compared with that formerly required under former conditions, make the handling by Hobart merchants of sugar on a basis of 2 per cent. profit an unprofitable business, involving a loss of 1 per cent., and that a discount of 6 per cent. should be allowed?

Senator MILLEN.—The matter is under consideration.

SYDNEY TELEPHONE SERVICES.

Senator PRATTEN asked the Minister representing the Postmaster-General, upon notice—

In view of the profit on the telephone services shown in the ninth annual report of the Postmaster-General's Department, and the recent report by the Chief Electrical Engineer regarding the admitted inefficiency of the telephone services in Sydney and suburbs, will the Acting Treasurer make an adequate advance to the Postmaster-General's Department immediately, so that the funds needed may be made available to keep the above-mentioned telephone services in reasonable working order?

Senator RUSSELL.—Large additional sums have already been made available to meet the more urgent works and supplies for telephone services, and authority has been given to the Postmaster-General's Department to order further large supplies in anticipation of funds being provided next financial year.

WHEAT POOL.

STOCKS HELD AND ADJUSTMENT.

Senator PRATTEN asked the Vice-President of the Executive Council, upon notice—

1. What are the latest figures regarding stocks of wheat and flour held in each State according to the books of the Wheat Board?

2. What balances of the export contracts or sales are yet to be shipped for—

the British Government,
the New Zealand Government,
the Norwegian Government,
others?

3. Have any stock adjustments to cover losses yet been made in South Australia?

4. What is the estimated stock adjustment yet to be made in order to bring the books of the Wheat Board into line with the actual stock of milling wheat in the Commonwealth?

5. What is the estimated wheat requirement of the Commonwealth for food, seed, &c., until 1st January next?

Senator RUSSELL.—The answers are—

1. According to the latest figures supplied to the Wheat Board, the stocks of wheat and flour in each State are as follows:—

—	Wheat.	Flour (Wheat Equivalent).	Total.
	Bushels.	Bushels.	Bushels.
New South Wales	131,000	..	131,000
Victoria	19,634,000	..	19,634,000
South Australia	23,897,000	117,000	24,014,000
Western Australia	5,822,000	..	5,822,000
	49,484,000	117,000	49,601,000

Flour is also held in certain mills. The wheat equivalent is, say, 500,000 bushels.

These figures provide for losses in New South Wales, Victoria, and Western Australia, but not in South Australia.

2. The balances of the Australian Wheat Board's export contracts still to be shipped are—

Imperial Government ..	13,363,000 bushels
New Zealand Government ..	819,000 "
Egyptian Government ..	320,000 "
Japan ("B" Grade) ..	1,349,000 "
	15,851,000

There are also certain private flour contracts still to be executed. The outstanding quantity has not yet been advised from the various States, but early notification is expected.

3. The figures given do not provide for stock adjustments in South Australia.

4. The milling wheat now held in the Commonwealth is mainly that of the seasons 1917-18, 1918-19, and 1919-20. New South Wales is the only State which has made any adjustment on the wheat of any of these seasons. Other States have not advised that adjustments are necessary.

5. Feed requirements will generally be supplied from 1916-17 wheat. The estimated consumption for human food till 1st January next is 19,500,000 bushels.

NAVIGATION BILL.

Bill read a third time.

OIL AGREEMENT BILL.

SECOND READING.

Senator PEARCE (Western Australia—Minister for Defence) [4.0.]—I move—

That this Bill be now read a second time.

This is a most important measure, because it deals with one of the vital necessities for the economic and industrial life of the Commonwealth. The principle embodied in the measure is a new one to Commonwealth activities, because its object is to bring about a partnership between the Commonwealth Government and a private business company. Not many words are needed from me to prove the wisdom of making provision for the Commonwealth requirements in regard to oil. The recent war demonstrated that, for defence purposes alone, oil is the prime necessity. It is the life-blood of the Navy. Without oil a modern navy could not exercise in peace or fight in war. Coal, of course, is a substitute for naval purposes, but all the modern war vessels are built for oil fuel, and in regard to that new arm of the service, I refer to aviation, oil is an essential. In my judgment aviation is destined to play a most important part, not for defence purposes only, but in the commercial development of this country. I speak, of course, as an amateur, but I have given some study to the subject, and during my recent visit to the United Kingdom I had opportunities of conferring with leading men in the air world there, and I know they think there is a greater future for commercial aviation in Australia than, possibly, any other place in the world. Its wide spaces and configuration lend themselves to the development of aviation, for which oil fuel is a prime necessity. The manufacturing world, also, is becoming more and more dependent on oil for power purposes. Petrol is coming more and more into use for transport vehicles. Those who have visited the Old World must have noted the tremendous progress made during the last few years in motor-driven vehicles, and on this subject a few figures will, no doubt, be instructive. In 1910 the consumption of oil in Australia was 25,725,000 gallons; in 1914-15, 43,000,000 gallons, and 1918-19, 51,000,000 gallons; the quantity being

practically doubled in ten years. In the face of these figures I think it is not at all a wild prophecy that the next ten years will see an even greater increase in the ratio. For our naval purposes in 1910 the consumption was 1,000 tons; in 1914-15, 10,000 tons, and in 1919-20, 50,000 tons, the increase being fifty times within ten years.

As to our sources of supply I may mention that, with a bonus of 2½d. per gallon, we are producing 2,800,000 gallons of shale oil per annum. The crude oil required by the Commonwealth comes from the United States, America, Mexico, Russia, Roumania, Dutch East Indies and Persia. Practically the whole of the supply coming to Australia at present is in the hands of private companies, and these may be broadly grouped under three headings, namely, the Standard Oil Company, the Royal Dutch Shell Group, and the Anglo-Persian Company. The principal suppliers to Australia are the Standard Oil Company, the Shell Group and the Texas Oil Company. Out of 5,811,824 gallons of residual or fuel oil imported into the Commonwealth during the year ended June, 1919, all but 40,000 gallons were supplied by the Shell Group, while out of 7,444,097 gallons of lubricating oil, all but 100,000 gallons came from the American companies. Again, out of 16,672,963 gallons of kerosene and burning oils 14,548,123 gallons came from the United States and from the companies operating there.

Senator SENIOR.—From the Standard Oil Company.

Senator PEARCE.—Practically, it was all Standard Oil Company's oil.

As showing how prices have operated, the figures I am about to give will prove interesting. The average price per unit of quantity as delivered at the Customs was, for petroleum spirit, including benzine, petrol, &c., 9.59d. in 1910, 13.58d. in 1914-15, and 20.72d. in 1918-19; for lubricating oils, 11.15d. in 1910, 11.35d. in 1914-15, and 23.21d. in 1918-19; residual oil 2.46d. in 1910, 2.87d. in 1914-15 and 3.31d. in 1918-19; solar oil 5.11d. in 1910, 5.58d. in 1914-15 and 19.14d. in 1918-19. It has to be remembered that residual oil is the oil we use for the surface ships of our navy, whilst solar oil is used by our submarines. The prices I have given are

those for entry at the Customs. I come now to the prices on the Australian market. They are as follow:—Benzine 1s. 3½d. per gallon in 1911, 1s. 9½d. in 1914, 2s. 11½d. in 1918 and 3s. 5½d. in 1920; motor spirit 1s. 5½d. in 1911, 1s. 11½d. in 1914, 3s. 1½d. in 1918 and 3s. 7d. in 1920; kerosene 1s. 1½d. per gallon in 1911, 1s. 3½d. in 1914, 2s. 3d. in 1918 and 2s. 3½d. in 1920; lubricating oils, low grade, 1s. 6d. per gallon in 1911, 1s. 9d. in 1914, 4s. in 1918 and 4s. in 1920; high grade 3s. 6d. per gallon in 1911, 3s. 10d. in 1914, 6s. 6d. in 1918 and 7s. in 1920; fuel oil 95s. per ton in 1911, 105s. in 1914, 158s. 6d. in 1918, and 190s. in 1920. The Australian Navy prices were as follow:—£3 5s. to £3 10s. per ton in 1910, £4 5s. to £4 10s. per ton in 1914, and £9 10s. to £10 per ton in 1920. Its requirements are 50,000 tons annually, so that the extra cost for the present year over that of 1914 is more than £200,000 for the Navy alone.

The following is the history of the Anglo-Persian Company, so far as we are concerned. In 1913, a Bill was introduced and passed by the British Parliament, under which Britain became possessed of a controlling interest in the company, which has a capital of £20,000,000. Its issued capital amounts to £17,500,000, which is made up of 5 per cent. debentures, £5,000,000; 6 per cent. participating preferential shares, £5,000,000; and £7,500,000 of ordinary shares. The debentures carry no voting powers, but the ordinary shares carry two votes per share. The total votes number 20,000,000. The British Government hold 10,001,000 votes on account of 5,000,000 ordinary and 1,000 preference shares. The Imperial Government invested in the company a sum of £5,000,000, and its holding to-day is estimated to be worth £50,000,000.

Senator PRATTEN.—What proportion of ordinary shares in the company are held by the British Government?

Senator PEARCE.—They hold 10,001,000 votes on account of 5,000,000 ordinary shares, out of a total of £7,500,000 worth of ordinary shares.

Senator PRATTEN.—Upon those figures, two-thirds of their holding consists of ordinary shares.

Senator PEARCE.—In value, "yes." This company has holdings and oil-fields in the following countries:—Persia,

Timor, Mesopotamia, Africa, Trinidad, and Borneo. It possesses a fleet of tank steamers totalling 230,000 tons, which will shortly be increased to 500,000 tons, and which will then be worth £15,000,000. All shares in the parent company, other than those owned by the Government, are owned by British citizens. That is an important factor to remember.

The agreement itself provides that a company is to be formed with a capital of £500,000, of which the Commonwealth is to find £250,001, and the Anglo-Persian Company £249,999. The company is to erect a refinery in Australia, and is to supply 200,000 tons of crude oil per annum to be refined here. That oil will, of course, be replaced by crude oil within the Commonwealth if such should be discovered either here or in the Territories that we control. The estimated output of the refinery is as follows:—40,000 tons of benzine, 33,000 tons of kerosene, 9,045 tons of lubricating oil, 72,000 tons of fuel oil, 4,500 tons of wax, and 9,000 tons of pitch. These commodities, other than fuel oil, are equal to only half of the Commonwealth requirements. The only commodity which will be produced by the refinery in excess of what the Commonwealth can consume will be that of fuel oil. In that, there will be a surplus for export; but nobody doubts that there is a market within easy reach of Australia for all the fuel oil that we can produce. The Commonwealth is to be entitled to one-half of the refining profits. I desire to draw honorable senators' attention to the fact that while it can be said that the Commonwealth owns a little over one-half of the shares and the company the other half, it has to be remembered that of the company's one-half only one-quarter interest is in private hands—and that is British—and the other quarter is held by the British Government, so that it can be said that really three-quarters of the shares are held either by the Commonwealth or the Imperial Government, and the other quarter by private persons. Provision is made for the Government to resume the works after a period of fifteen years, and the conditions under which the resumption can be made are fully set out in the agreement embodied in the Bill.

Provision is also made for the development of the crude oil industry in Australia and Papua, but not in this agreement. The Government, by other ar-

rangements, are prepared to assist in the discovery and development of crude oil fields both in the Commonwealth and in Papua or German New Guinea. Honorable senators are aware that steps have already been taken to discover oil in Papua, and, although it has been said that much money has been wasted there, I do not admit it, as we have not expended more in searching for oil in that Territory than has been spent on other oil fields in other parts of the world before payable discoveries were made. If we had been fortunate enough to have discovered oil at the outset the money spent would have been a mere bagatelle as compared with the value of the discovery. That oil is there has been demonstrated, but we have not yet been able to ascertain whether it exists in payable commercial quantities. That can only be proved by boring at the right spots and to the proper depths. In various centres the Standard Oil Trust and other corporations have spent enormous sums in unsuccessful attempts to discover oil in payable commercial quantities.

During the visit of the Prime Minister (Mr. Hughes) and the Minister for the Navy (Sir Joseph Cook) to Great Britain overtures were made by them to the British Admiralty for the Admiralty to take a financial interest in the exploitation of the Papuan oil fields, which they agreed to do, and to jointly share the expense with the Commonwealth. The Anglo-Persian Company has been brought into this, not as a part owner or as a concern with any financial interest, but merely as our agents to be used jointly by the Admiralty and the Government in exploiting that field. If it is successful it does not give the Anglo-Persian Oil Company any ownership rights whatever, as it is merely an arrangement between the Commonwealth Government and the Admiralty.

The Government some time ago offered a reward of £10,000 to any one who could discover oil in Australia in commercial quantities.

Senator THOMAS.—Are the Government paying one half of the expenses incurred in connexion with the exploration?

Senator PEARCE.—I understand they are.

Senator THOMAS.—And the Anglo-Persian Company are also paying one half?

Senator PEARCE.—It is not paying anything but is merely acting as agents for the Admiralty and the Commonwealth, who are jointly bearing the expense, although we are utilizing the services of the experts attached to the Anglo-Persian Oil Company's staff. The company has no proprietary rights whatever in the event of oil being discovered. As I have already stated, the Government have offered a reward of £10,000 for the person who discovers oil in the Commonwealth, and honorable senators are aware that the Prime Minister has recently announced that the Government will increase that amount to £50,000 if oil is discovered in payable commercial quantities. Whether that is the best way to stimulate discovery, or whether it will be effective, is a matter upon which I know there are differences of opinion. It has been suggested that it would be preferable to pay a subsidy of so much per foot for boring, but it has to be remembered that when companies are formed for the purpose of prospecting for oil they do not always operate on the best advice. I know of a case where a company expended large sums of money in defiance of the best geological advice. It is, therefore, felt that if we paid a subsidy of so much per foot for boring, we might be encouraging the unnecessary expenditure of a large sum of money without achieving any beneficial results. It is felt that if people in the Commonwealth believe they have reasonable ground for spending money in searching for oil, and they discover it, in addition to the value of the find, they will have £50,000, which will be a distinct advantage and enable them to proceed with the work.

Senator SENIOR.—If a company were to discover oil, the £50,000 would not be needed.

Senator FAIRBAIRN.—If oil is discovered, will this agreement cease to operate?

Senator PEARCE.—No, because it provides that the crude oil discovered shall be handled by the refinery, and it will thus replace supplies from other sources. It frequently happens that when a company has been searching for oil, and has made a discovery, its capital is exhausted, and that, although it is at the door of Paradise, as it were, it is unable to enter owing to the lack of capital. In such cases the promoters of such enterprises have to share their privileges with

others who have not spent anything. The payment of a bonus of £50,000 would probably put a company in the position to reap the whole of the benefits.

The agreement is subject to ratification by Parliament, and it may be argued that this is in some way likely to injure the shale-oil industry in Australia, but that is not the view of the Government. Parliament has already shown its desire to assist the shale-oil industry by the bounty provision it has made in the past, and which will continue. It is the intention of the Government to do what they can, subject, of course, to the will of Parliament, to assist the shale-oil industry. But if it be argued that the refining of this oil in Australia is likely to injure in some way the shale-oil industry, it can only be as a result of the shale oil, even with the assistance of a bounty, being unable to compete with the oil produced in this way. If that is so, is it worth while encouraging an industry and bolstering it up in such a way that it will injure other industries depending upon oil for their success or failure? I do not hold out any such claims concerning our shale-oil deposits in the Commonwealth. In Great Britain to-day this powerful Anglo-Persian Oil Company is operating, and yet the production of shale oil is going on in that country side by side with the refining of crude oil by the Anglo-Persian Oil Company, and that, too, without any Government assistance at all. I am told that we have deposits of shale in the Commonwealth equal, if not superior, to the Scottish shales that are being successfully worked in Great Britain. If that be so, in view of the assistance given to the production of shale oil in Australia, it should be possible for us, not only to develop the refining of crude oil, but also to promote the progress of the shale-oil industry in this country.

Senator KEATING.—Is the Anglo-Persian Oil Company a wholly British company?

Senator PEARCE.—Yes. I understand that every shareholder is a British subject.

The substance of the agreement is, of course, contained in its details. Honorable senators might agree with the principle of making such an agreement, but might at the same time consider that its provisions would not give effect to what they consider vital in the interests of this country. I think, however, that if they

will closely examine this agreement they will find that the position of the Commonwealth is fully safeguarded.

First of all, in paragraph 3 it will be seen that the Commonwealth is to maintain its proportion of holding in the event of any increase of capital, though it only nominates three out of seven directors, whilst the Anglo-Persian Company nominates four.

Senator KEATING.—The Commonwealth is to have a majority of the shares.

Senator PEARCE.—The Commonwealth will have one more share than the company—

Senator KEATING.—And one less in the number of directors.

Senator PEARCE.—Yes, that is so. I point out that the directors are charged with the business management of this concern, but certain limitations in regard to its policy are imposed upon them by provisions contained in the agreement, and in holding the majority of the shares the Commonwealth will always be in a position to control the direction of things affecting the enterprise that are not expressly provided for in the agreement.

We have no experience in the handling of this business. We have no officers who have had any training in this regard. We have no technical experts who could advise us as to the technical arrangement of such a business. It is, therefore, wise that, whilst fully protecting the rights and business interests of the Commonwealth, we should secure to ourselves the benefit of that superior knowledge, technical and otherwise, that comes from the long experience of the Anglo-Persian Company and the assembling by it of the technical experts who comprise its staff. There is, therefore, no danger to be apprehended from the fact that a majority of the directors are to be representatives of the Anglo-Persian Oil Company, especially when we remember that the directors will represent shares the majority of which are the property, not of any private interests at all, but of the Australian Government.

There are certain reservations as to the classes of subjects in connexion with which Commonwealth approval of action must be obtained in any case. These cover questions of policy, naval and military defence questions, change in the constitution of the company, and sale of products on long contracts, or in any other way, so as to prejudice the agreement. Again, the company must not enter any Trust

or Combine, and must remain a British company. Though the technical management will be in the hands of the Anglo-Persian Company, these things which are vital from the point of view of the Commonwealth will be controlled by us, either under the agreement or by the controlling power which our interest as the majority shareholder will give us.

Paragraphs 8 to 13 contain provisions for regulating the acquisition and supply of crude oil and the refined product. Paragraph 14 gives protection against dumping and unfair competition by legislative or other means. Here I would say that at first blush some of these provisions may seem to be rather extraordinary, but we have to remember that this company will be subjected to tremendous competition from outside interests. Honorable senators who have read any economic history at all know well how powerful, insidious, and determined that competition may be, and how many strings can be pulled by those from whom it may be expected. To see that this enterprise is established in the Commonwealth in the face of any competition, we must be prepared, if the necessity should arise—and of that the Commonwealth is to be the judge—to protect it against opposition. Let me add that the opposition will be foreign and not British opposition. It will be from interests outside the Empire. The sources from which it will come will be such that no legislation of ours can control or affect them in any way.

Senator GRANT.—The honorable senator means cheap oil?

Senator PEARCE.—No, I do not. I mean arrangements which for a time might give us cheap oil in order to destroy the local competitor, so that the outsiders might subsequently have our market to themselves. That is the well-known policy of the Standard Oil Company and other oil interests.

Senator KEATING.—We do not get cheap oil now.

Senator PEARCE.—That is so. In paragraph 15 of the agreement, there is provision to regulate and safeguard the shareholding interest of the parties. In paragraph 16 the steps to be taken to exercise the option of the Commonwealth to take over the business are fully set out in legal form. In paragraph 17 it is

provided that the Anglo-Persian Oil Company shall act as marketing agents of the product of the refinery outside the Commonwealth. This is entirely in our interests, since it gives us the services of an organized company with world-wide experience for the marketing of our products outside Australia, and whatever profits they make the Commonwealth will share with the company.

To sum up, it seems to me that, apart from the advantages to which I have specifically referred, the general advantages under the agreement will be the establishment of oil refining in Australia, which will give us not only the refined oil we require, but subsidiary products of the greatest importance to many of the industries of the Commonwealth. So long as the refining of crude oil is carried on outside the Commonwealth, and not within our boundaries, all those by-products are lost to us, or we must buy them at an increased price. Consequently, in competition in the markets of the world our manufacturers using those by-products in their industries are at a great disadvantage as compared with manufacturers in other countries who can obtain local supplies of those by-products.

I think that most of us long ago shed the pessimism which we may have had that the time would never come when the Commonwealth could go out into the markets of the world with its manufactures. I am confident to-day that the Commonwealth has as good a chance in the outside markets of the world as has any other country on earth. Now that labour conditions are becoming equalled in all countries, the world is open to our products. Surely it is to our interest, and a good economic policy, that we should give our manufacturers a home supply of all the products which they work up into manufactures that they desire to export to other parts of the world.

There is a general advantage arising from the part-ownership and joint control of a great industry essential to our progress. It is unthinkable that the Commonwealth should enter into an agreement with a foreign company or with any of the companies dealing in oil to which I have referred, that have no interest in the British Empire, whose holdings are outside the Empire, that are under no form of control by the British Empire,

and whose legislative authority is not controlled by any Legislature within the Empire. Here we have a company that is wholly British and, what is of great importance to my mind, which comes under the legislative power of Great Britain wherever it is operating. Even in Persia, owing to a treaty recently entered into, the power of the British law can operate through diplomatic channels. It seems to me that no other company could be considered on an equality with the Anglo-Persian Company if we were contemplating throwing open the prospect of such an agreement to the world.

We shall have under the agreement an effective voice in the supply of crude and refined oil, and in price. If honorable senators will examine the provisions of the schedule regulating prices they will see that the control of the Commonwealth is not a nominal, but a real and effective, one.

I submit as the last, but by no means the least, consideration that we have under this agreement an opportunity of acquiring for the Commonwealth, and under its control, the vast technical experience of this great world-wide company. That is surely worth something. If it were the policy of the Government to establish a refinery of its own, it could not make a start with any such advantage. It would have to buy its experience, and we know that for Governments that is always a costly matter. It would have to go into the world to compete against these rich and powerful companies to obtain its experts. It would have to build up an organization in the face of fierce competition. Outside the borders of Australia it would be under great disadvantages. Under the agreement we get this expert technical advice, the experience of the Anglo-Persian Company, with its world-wide organization, and under conditions which, it seems to me, are absolutely safe from the point of view of the Commonwealth taxpayer, advantageous from the point of view of the consumer, and of immense value to the Commonwealth as a whole.

Senator EARLE (Tasmania) [4.37].—Recognising the great importance which the production of oil is to Australia, I welcome any movement by which the oil we require may be obtained. I cannot help thinking at the same time that the policy which the Minister for Defence (Senator Pearce) referred to in

the concluding words of his very able speech would have been the better policy for Australia to adopt. It must not be inferred that I am going to oppose this agreement, though I shall try in Committee to make it more watertight. I shall support the agreement whilst expressing the view that something better might have been done. The Government seem to me to be undertaking to supply us with jugged hare, without observing the first principle of the recipe, namely, "catch your hare." The first essential to the permanent welfare of Australia is to obtain sufficient quantities either from natural wells or shale deposits of crude oil within the Commonwealth. Holding as we all do, and as I know the Government do, the belief that we are going to find supplies of oil in Australia, I say it would have been better if the Government could have made arrangements, during the interim between the present time and the discovery of adequate supplies of oil in Australia, to have obtained the crude oil we require from this Anglo-Persian Company. I do not know whether such an effort has been made, and has failed. If it has, of course, there is a greater justification for the agreement; but I do think that, before it was entered into, and a copartnership on the part of the Government with the company arranged for the refining of oil, the Government should have made a special effort to obtain the necessary crude oil—200,000 tons, or whatever is required per annum—and erected their own refinery, so that when in the course of their explorations they were able to produce their own crude oil, no one else would participate in the industry. I suppose one is excusable for treating any business connexion with those interested in oil with a certain amount of suspicion. It is all very well to say that the Anglo-Persian Oil Company is British-owned and controlled. So far as concerns the British Government controlling the operations of this company, those contentions are all right; but I am afraid we should be living in a fool's paradise were we to rely absolutely upon speculators in oil simply because they were of British extraction or British nationality. My opinion as regards this class of gentleman is that they are out for the accumulation of the dollar, the sovereign, or the rupee, and to convert it into the coin of their own realm, no matter where they can

obtain it. Although, of course, to the extent that the British Government controls this company it may make us a little lenient towards the agreement, yet we must not accept that as a sufficient safeguard for Australia without making the agreement thoroughly watertight and safe so far as our interests are concerned.

I am of the opinion—and I hope I am not doing any one an injustice in so thinking—that the most suspicious of us do not realize the extent to which the different oil kings of the world have gone in order to prevent the development of oil in Australia. I have seen several instances where it has been most remarkable that everything has been done to prevent the successful exploration of our oil deposits. Let me cite two, for example, in which an effort was made to develop the shale oil resources of Australia. Of one of them I have not had personal experience. I refer to the Walgan Valley, New South Wales. In that case certain investors raised something like £1,000,000, and a man was employed to manage and develop the show.

Senator PRATTEN.—Mr. Georgeson.

Senator EARLE.—Was that his name?

Senator DE LARGIE.—He had nothing to do with the management. He was a mere salesman.

Senator EARLE.—I did not know. I am speaking generally. That gentleman, having considerable power under the company, set about to expend the money in a most extraordinary way. Railways were constructed round cliffs and crags to the wrong side of the hill, and the company, when the whole of their money was expended, found that they had not developed a single ton of oil.

Senator BAKHAR.—It was a pretty hard place to develop, anyhow.

Senator EARLE.—Whether it was a hard or an easy place to develop, the money was deliberately wasted. For what purpose? In my opinion—and I hope I am not doing the gentleman who was responsible for the undertaking an injustice—he was in the pay of the oil kings.

Again, in my own State—and I think there is an honorable senator present who knows more about this than I do—a few investors undertook to develop a well-known and proved deposit. They were advised by an oil expert, who had severed his connexion with the great oil combinations, that a very limited capital would be required. It was within the

power of those gentlemen to raise, probably, quite easily £50,000, but they were advised by him that £10,000 would be ample. He was appointed manager. The shale deposit at Latrobe, Tasmania, occurs in an elbow of the river. He set to work. He placed his retorts at a certain level, and then, instead of driving an adit to the shale deposit, and trucking his shale out so that it would gravitate to the retorts, he placed a haulage railway over the top of the hill, started operations on the other side of the hill, got out the shale, and hauled it over the hill and down to the retorts. No practical miner in Australia, setting to work to develop the shale, would have developed it in that way. The result was that before the company began to produce anything at all, the whole of their money was expended. Nothing will convince me that that gentleman was not also in the pay of the Oil Companies, who are endeavouring to prevent the development of oil in Australia.

Senator SENIOR.—Can you tell us how the shale lies there?

Senator EARLE.—It lies horizontally, like a coal seam.

Senator SENIOR.—Undisturbed?

Senator EARLE.—Yes, and on an average of about 4 feet 6 inches thick.

These experiences make one very suspicious in dealing with any proposition in which oil companies are involved. I am also rather surprised that the Government has not at least done a little more to assist in the development of one of these shows. A short time ago an effort was made by the Tasmanian Government to undertake the development of this particular shale oil deposit themselves. On that occasion the Government got a contract from the Federal Navy Department for the supply of 13,000 tons of oil per annum at 75s. per ton, which was very reasonable indeed, considering the statement made to-day by the Minister for Defence that they are now paying from £9 to £10 per ton for the same oil. The oil from the experimental retorts of this particular deposit has been proved equal in calorific value to any oil produced in the world. That proposition was defeated by the Legislative Council of Tasmania, but subsequently there was every reason to believe that the Council had obtained wisdom in the meantime, and that they would reverse their action. I have the

following letter, written by the Acting Prime Minister (Mr. Watt) on the 19th September, 1918, to the Premier of Tasmania:—

With reference to your letter of 2nd July, regarding the Railton-Latrobe shale-oil proposition, I desire to inform you that this matter was fully considered by the Board of Trade, who could not see their way to recommend the proposal that the Commonwealth should take over the undertaking under the War Precautions Act.

The question of renewing the agreement made on 10th November, 1916, between your Government and the Minister for the Navy to take 8,000 tons of liquid oil fuel per annum for a period of eight years at 75s. per ton, has also received full consideration, but in view of the fact that under present conditions it is not anticipated that the naval requirements would exceed 1,500 tons per annum—

That is very much less than the quantity outlined by the Minister to-day—

and that arrangements have already been made for the supply of 1,000 tons of oil fuel for delivery at Garden Island, the Government regrets that it is unable to see its way to renew the agreement or to acquire the property.

I believe that had the Government renewed that agreement at the time, the actual production of considerable quantities of crude oil would now be established in Tasmania. I very much regret that the agreement was not renewed at a time when there was every likelihood of the Government of Tasmania being able to undertake the proposition.

I wish briefly to refer to the agreement embodied in this Bill. I have every confidence in the Prime Minister (Mr. Hughes), and in the legal ability of his chief adviser, Sir Robert Garran. But it has been my misfortune, on several occasions, to differ from other gentlemen learned in the law, and on two occasions, at least, my "horse sense" has proved right. Hence, although I have the fullest confidence in the ability of both those men, who are responsible for this agreement, I venture the opinion that perhaps it can be improved. I notice that so far as the Commonwealth is concerned, it is provided that several very important matters cannot be interfered with except with the concurrence of the Commonwealth's representatives on the Board. I cannot understand where the advantage comes in of the Commonwealth holding a majority of one share in the company while it has only three-sevenths of the representation on the directorate. It is on the director-

ate that the actual business is done, and the constitution or articles of association cannot alter the Government's representation on it. Hence, for all practical purposes, the Government will be in a minority on those questions with which it is competent for the directorate to deal.

Senator PRATTEN.—That is, administration.

Senator EARLE.—Administration, which embraces a very wide area. It is perfectly right for the directors to have the balance of power, but, although safeguards are contained in sub-clause *d* (iv) of clause 3, clause 5 places all the technical and commercial management entirely in the hands of the Refinery Company. Does not this cover everything, and does it not nullify the power given to the Government in sub-clause *d* (iv) of clause 3?

Senator FOLL.—Then the Commonwealth will be in the same position as one large shareholder?

Senator EARLE.—They will have very little power if all the technical and commercial management of the concern is in the hands of the Refinery Company. The only restriction in the agreement is that the oil shall be sold at a fair and reasonable price, but there is no mention as to who will determine this point.

Senator PRATTEN.—The largest shareholders.

Senator EARLE.—But the Commonwealth will have no control over the directorate.

Senator PRATTEN.—The Government will control the company.

Senator EARLE.—The honorable senator might as well say that the electors are the largest shareholders in the Commonwealth, but members of this Parliament are in the same position as a board of directors, and although the vast majority of the electors may be opposed to certain action, about to be taken by Parliament, they are powerless against the majority of members in both Houses.

Senator PRATTEN.—They can kick us out.

Senator EARLE.—Yes, after the damage has been done. And they may replace us with other members of the same class in much the same way as the directors on this proposed company may be replaced. The company will still have the right to four-sevenths of the directors on the Board, so it is no use arguing that

the Commonwealth can determine this question of price. Apart from that, if it can be shown that the Government could define what is a fair and reasonable price, there are other questions, notably connected with the commercial side of this business, that will be absolutely in the hands of the Refinery Company.

Senator CRAWFORD.—The agreement says that the price for crude oil must not be greater than that charged to the British Government.

Senator EARLE.—That may be all right so far as crude oil is concerned, but there is nothing in the agreement giving the Commonwealth, as the largest shareholder, power to exercise a determining voice in the administration of the company.

Senator PRATTEN.—Is not the agreement designed to place the administration in the hands of the company, and not of the Commonwealth?

Senator EARLE.—Yes, and that being so, why should the Commonwealth be a shareholder at all? What is the use of going into partnership with any body of men, and investing an equal amount of money, if administrative control is to be in the hands of one partner only?

Senator PRATTEN.—The honorable senator does not differentiate between administration and control.

Senator EARLE.—If the honorable senator will peruse the agreement again, and read carefully sub-clause *d* (iv) of clause 3, he will better appreciate what I am saying. That sub-clause states—

that no action or question or decision relating to or affecting—

- (1) the policy of the Commonwealth in connexion with naval or military, or external affairs; or
- (2) any proposed sale or disposition of the Refinery Company's business or any part thereof; or
- (3) any proposed change in the status, powers, business, or constitution of the Refinery Company; or
- (4) any proposed sale of refined products to aliens or for export from the Commonwealth; or
- (5) any proposed sale of refined products on long contracts or under circumstances which might endanger the ability of the Refinery Company to meet requirements for consumption within Australia:

shall be taken, determined, or made without the consent of the Commonwealth as expressed through its representatives on the Board of Directors.

Senator BAKHAP.—That is practically a power of veto in regard to questions of policy.

Senator EARLE.—Yes; but I invite the honorable senator now to turn to clause 5 of the agreement. It states—

The technical and commercial management of the Refinery Company shall be left entirely in the hands of the Refinery Company.

Senator BAKHAP.—That is why we have the company here. We want their knowledge and experience.

Senator EARLE.—But surely the honorable senator realizes that the clause annuls all that is set out in sub-clause *d* (iv) of clause 3?

Senator FOLL.—You contend that the Commonwealth Government is more or less a sleeping partner.

Senator EARLE.—Yes; that, and that only.

Senator CRAWFORD.—But at the end of fifteen years the Government may take over the whole business at a valuation.

Senator EARLE.—I will deal with that matter later.

I would like the Minister to agree to amend the agreement by adding a new sub-paragraph to sub-clause *d* (iv) of clause 3 to the following effect:—

Any increase in price of the refined product of the company;

This will provide that any increase in the price of the refined product must have the concurrence of the Australian representatives on the board of directors.

Senator FOLL.—So far as the home market is concerned.

Senator EARLE.—Of course. I am not troubled at present about the export price. I think, also, it would be wise to strike out the words "and commercial" from clause 5, so that only the technical management of the concern will be left entirely in the hands of the Refinery Company.

Senator BAKHAP.—And manufacturing?

Senator EARLE.—Yes. I think this side of the business should be exclusively in the hands of the company, but I do not want the commercial side of the business to pass from the control of the Commonwealth.

Senator PRATTEN.—You do not want the company to control the price?

Senator EARLE.—No. But more than the question of price is involved. I may say that, rightly or wrongly, I am suspicious of oil kings, whether British,

American, or Dutch, and, therefore, I want this agreement to thoroughly safeguard the interests of the people. The principal object of the Government in entering upon this agreement is to obtain the advantage of the long experience and technical knowledge of the Anglo-Persian Oil Company. That being so, it is perfectly right that we should leave the scientific management of the enterprise exclusively in their hands. We are not called upon to lose control of the commercial side, which embraces everything in connexion with trade.

Senator PEARCE.—Subject to the limitation of the agreement.

Senator EARLE.—Which is not touched, except by clause 3, and that is annulled by clause 5.

Coming now to the question of the repurchase of the business by the Government, I was struck by the Minister's statement that the British Government invested in the Anglo-Persian Company somewhere about £5,000,000, and to-day the investment is worth, approximately, £50,000,000. The assets of all corporations authorized by Governments to carry out certain public utilities appreciate after a certain period as the result of community-created values, and I maintain that this value should not belong exclusively to any company. Some years ago a company was given authority to operate a tram system in Hobart, and the expenditure on the enterprise was about £80,000. When eventually, the municipality repurchased the system, the company had the right, under the Act, to claim about £200,000, of which amount £120,000 represented value created by the people of Hobart, owing to the extension of the city and all its conveniences.

Senator BAKHAP.—Not all of that was community-created value.

Senator EARLE.—The greater portion was.

Senator BAKHAP.—You must remember though, that the company had more enterprise than the municipality.

Senator EARLE.—The point is that the municipality had to pay £200,000 for what originally cost £80,000. If we are going to refine oil we should either do it ourselves or see that the community-created value attaching to the enterprise does not wholly find its way into the pockets of the people who embark upon it.

In another Company Bill with which I was intimately associated, provision was made that at the expiration of twenty-one years the Government should have the right to repurchase the whole of the company's assets for an amount equal to plus 20 per cent. of the actual expenditure upon the undertaking. That measure passed through both Houses of the Tasmanian Parliament, and I believe that the provision in question represents a wise innovation in regard to private companies.

Clause 16 of the agreement which is contained in the schedule to this Bill provides that at the end of fifteen years the Commonwealth shall have the right to purchase the whole of the assets and interests of the company, and that if the two parties do not agree, two arbitrators shall be appointed, one by the company and the other by the Commonwealth. If these arbitrators are unable to agree, they will be obliged to appoint a third arbitrator, whose decision as regards the price to be paid by the Commonwealth for the company's interests shall be final. I should like, after the word "conclusive," in sub-clause *e* of clause 16 of the agreement, to insert the following words:—

But the price paid shall not exceed 49 per cent. of an amount calculated by adding 20 per cent. to the amount expended by the company for land, buildings, and equipment. If the buildings and equipment are not in a state of repair satisfactory to the Commonwealth, then an amount sufficient to place them in such repair shall be deducted from the moneys payable to the company.

This proposal, if adopted, will prevent the community-created value attaching to the enterprise from finding its way wholly into the pockets of the company. The Commonwealth, having through its people, created a tremendous increase in the value of the undertaking, ought, obviously, to share in that increased value. But in order to insure that effect shall be given to my proposal, I suggest the insertion of a new sub-clause, which will read—

Vouchers shall be deposited by the company with the Auditor-General from time to time showing the full amount of expenditure by the company upon land, buildings, and equipment, and such vouchers shall be considered conclusive evidence of the amount so expended.

Senator PRATTEN.—Will not the representatives of the Commonwealth on the directorate look after that?

Senator EARLE.—It will be idle for the Commonwealth representatives on the directorate to look after things if they have no power to enforce their judgment. Under this proposal, if at the expiration of fifteen years the expenditure of £500,000 has created a value of £10,000,000, assuming that the arbitrators appointed by the company and the Government agree as to that value, the Commonwealth will have to pay the company £5,000,000 for the purchase of its interest in the enterprise. That being so, the company will receive during the fifteen years' currency of the agreement not only its share of the profits of the undertaking, but also, as a final dividend for the purchase of its interest in the concern, all the added value I have indicated.

Senator PEARCE.—Suppose that the Commonwealth desired to sell its interest, would it not be a fair thing that it should ask a similar amount?

Senator EARLE.—Yes.

Senator PEARCE.—If it is fair for one side to ask it, it is fair for the other side to do likewise.

Senator EARLE.—I have no doubt that the company may put that proposition up to the Government when the Commonwealth seeks to buy it out.

Senator PEARCE.—I am putting it up to the honorable senator.

Senator EARLE.—If the Minister puts up that proposition to the company and the company says, "We will agree to it, provided that, if at the end of fifteen years, we want to buy the Commonwealth out, it will treat us in a similar fashion," their proposal would be a fair one. But it is not likely that the company will wish to buy out the Commonwealth. It is much more probable that the Commonwealth, having obtained a supply of crude oil from its own territories, will be anxious to buy out the company. I intend to ask honorable senators to agree with my proposal, and if the company decline to assent to it, although I recognise the importance of developing the oil industry in Australia, I think it will be better for us to wait a little longer rather than to enter into this agreement.

I have nothing further to add to my remarks. I have made certain suggestions, and I hope that every honorable senator, realizing that this may mark the beginning of the development of a very big industry in Australia, will make every effort, even at the risk of retarding the progress of this particular enterprise, to safeguard the interests of the Commonwealth.

Senator PRATTEN (New South Wales) [5.19].—Is is, I think, a very happy coincidence that this Parliament is now engaged in the discussion of a proposition relating to the use of fuel oil, the foundation of which was laid by one of our own residents, if not one of our own citizens. It will be remembered that some years ago Mr. W. Knox D'Arcy spent a good deal of money and incurred many risks in looking for oil around the Persian Gulf, and that, as the result of his labours, the Empire possesses to-day perhaps one of its most valuable acquisitions. I think that Australia is very deeply indebted to the Government for their endeavour to solve the oil problem. The oil industry is a key industry and one which is of overwhelming importance to the people of Australia. To those of us who have perhaps been criticising the Government in connexion with the development of our oil resources in New Guinea and who have complained from time to time of the money which has been wasted there, it is satisfactory to learn that even while we were engaged in that criticism, the Prime Minister (Mr. Hughes), in England, had not only conceived, but was elaborating a scheme, which, I hope, will prove to be the successful solution of our oil troubles. This is the age of the internal combustion engine, which will not go without oil. I agree with the Minister for Defence (Senator Pearce), who said this afternoon that the future fuel of our Navy is oil. I believe, too, that the chief and primary reason why the Admiralty is co-operating with us in this matter is not merely to help Australia to solve the oil problem, but to develop oil depôts for naval use right round the Empire. Despite the expenditure of some hundreds of thousands, if not millions of pounds, in an attempt to supply the whole of our oil requirements from shale within the Commonwealth, we are to-day importing 95 per cent. of the motor fuel that we need. The Minister has told us that our

oil requirements to-day as compared with our requirements in the year 1910 have doubled. To-day they are more than 50,000,000 gallons per annum as compared with about 25,000,000 gallons in 1910. If the opinions of Admiral Lord Fisher, late First Lord of the Admiralty, are worth anything, and if there is any significance in the fact that many of our mercantile marine liners are now being built to consume oil fuel, or are being converted to the use of that fuel, the requirements of fuel oil in Australia in the not distant future will again be doubled. So that this Bill is overwhelmingly important to the people of the Commonwealth in almost every direction, and the Government are to be congratulated upon a stroke of business which, though it is not of a spectacular character, will ultimately solve the oil problem, not only to the benefit of our own oil consumers, but also to that of our mercantile marine and of the Empire's defence.

We all know that recently there has been an oil "squeeze" in progress. The Inter-State Commission has told us that. In the Mother Country an investigation has been conducted into the question of the risk of a petrol famine there, and it may interest honorable senators to note a few of the many conclusions at which the Committee which was appointed for this purpose arrived. Their first conclusion was—

That powerful financial interests are taking advantage of the deficiency of motor fuel to raise prices.

The same thing has occurred in Australia. Their second conclusion was—

That the concentration of control of prices in two enormously powerful Combines, practically world-wide in their scope, constitutes a power so dangerous, should it happen to be improperly used, that prompt international action is imperative.

Exactly the same applies to Australia. The third conclusion was that the two main groups concerned were the Standard Oil Company and the Royal Dutch-Shell Group. The Commission further states—

An exorbitant profit is being procured by the producer or the refiner of petrol at present market prices. Petrol sold at £23 per ton f.o.b. New York shows grossly excessive profits.

These are some of the conclusions arrived at by the Central Profiteering Committee on the petrol position in Great Britain, and its findings can be applied to the present position in Aus-

Senator Pratten.

tralia. What has been going on in England? What is the state of affairs that has resulted in such drastic conclusions as those I have quoted being arrived at? The retail price of petrol in England is 3s. per gallon, which includes an Excise duty of 6d. per gallon; but the price in Australia is from 3s. 3d. to 3s. 6d. per gallon, without any Excise duty at all. I understand we are drawing the bulk of our supplies from the Dutch East Indies, only one-third of the distance from our consumers as compared with the consumers in the United Kingdom. Bad as is the State of affairs in England with petrol at 3s. per gallon, including an Excise duty of 6d., how much worse is it in Australia, where it is retailed at from 3s. 3d. to 3s. 6d. per gallon, without any Excise duty being paid into the Commonwealth revenue?

Senator PEARCE.—It is practically 1s. per gallon more.

Senator PRATTEN.—Exactly. The position was so bad that the Profiteering Committee damningly criticised the suppliers in its recent report on petrol prices. But it is infinitely worse in Australia, and the Government are therefore fully justified in submitting this agreement for our approval.

I understand that the two powerful Combines, that have Australia in their grip in the matter of oil supplies, do not pay very much, if anything, in income and excess profits taxes. As a representative of the State of New South Wales, I most heartily and strongly support this measure, which has been introduced, not for the purpose of giving control of our oil resources to the Anglo-Persian Oil Company, but for entering into a partnership with the company in order to erect a plant for refining 200,000 tons of crude oil per annum, which the company practically guarantees to supply without interfering in any way with the discovery of indigenous oil within Australian territory. Seeing that the British Government practically holds one-half of the Anglo-Persian Oil Company's shares, and that this agreement will enable the Commonwealth Government to hold one-half interest in the refining and distributing business, we have a partnership in this venture of one-half interest owned by the people through the Government, one-quarter interest owned by the British Government, and the remaining one-quarter by the private shareholders

of the Anglo-Persian Company. So far as I can test the agreement, both on the utterances of the Prime Minister (Mr. Hughes) in another place, by the Minister for Defence (Senator Pearce) in this chamber, and the agreement itself, it does not give a monopoly to anybody. The agreement is merely for the purpose of erecting a refining plant and distributing the oil to the people of the Commonwealth at a fair and reasonable price. I am prepared to accept the agreement so far as the words "fair and reasonable" are concerned, because I cannot conceive of anything happening under it that would be nearly so bad as our present position. Gentlemen representing these two powerful world-wide interests have attended various tribunals—both Federal and State—in connexion with the price of oil, and, in effect, have stated that if we do not agree to their prices they will not supply the product.

Senator PEARCE.—They have said that they would cut off supplies.

Senator PRATTEN.—That has been their threat, and we have had the revolver of the commercial burglar deliberately pointed at us. Now that the agreement has been placed before Parliament, there is some prospect of the people of Australia getting outside the octopus-like grip of these two great corporations.

The agreement will not prevent people boring or testing country for oil within Australian territory. It will not hamper the development of our shale oil deposits, if they are likely to be commercially profitable, and will not prevent parties going from north to south or from east to west in search of oil. If those who search should be successful, they will not be prevented from selling oil on the Australian market, and any arrangement made by the Government with the Anglo-Persian Oil Company will not disturb their rights, provided they are prepared to sell it at a fair and reasonable price. On the figures available, it seems that this is only the commencement of what will be a much larger key industry than we imagine. From the figures given by the Minister for Defence in connexion with our internal consumption, it would appear that if the plant is kept going full time and refines 200,000 tons of crude oil per annum, it will not be able to supply the Commonwealth with approxi-

mately more than one-half of the kerosene or benzine we require, or more than one-third of the lubricating oil that we are likely to need.

Senator BAKHAP.—It will supply only our full requirements of fuel oil.

Senator PRATTEN.—Yes; and our requirements in that direction in the very near future are likely to be doubled, and redoubled, owing to the conversion of present liners into oil-consuming vessels. Additional supplies will also be needed for our various oil depôts to meet our needs for Imperial defence purposes. From the figures I have given it will be seen that this is clearly only the commencement, if we are to be a self-contained and self-supporting country, and that before very long two refining units will be necessary to meet the whole of our requirements.

There is another agreement which does not come within the scope of this measure, but which relates to the exploitation of our potential oil resources in Papua, and embodies an arrangement between the Admiralty and the Commonwealth Government. This agreement, which will come into operation concurrently with the one embodied in the Bill, is for the purpose of further exploiting Papuan territory for mineral oil. Up to the present we have spent approximately £120,000 over a period—so far as I can remember—of five or six years. I do not think, however, that much has been achieved as a result of that exploratory work; but I have been informed by a gentleman who has been on the oil-fields in New Guinea that the only way we can obtain cheap oil is by not losing control of its supply. Of course, that is obvious, and perhaps redundant; but I am quoting an obvious phrase in order to stress the point that, under this agreement for the exploitation of our potential oil resources in Papua, we do not take any one into partnership, as anything discovered will belong to the people of the Commonwealth, and will not be mortgaged by the Government. I am informed that the prospects of discovering oil in Papua are brilliant.

Senator BAKHAP.—Oil has been obtained there; I have seen it.

Senator PRATTEN.—It is possible that if we strike oil in payable commercial quantities, we shall have a field rich

enough to enable us to liquidate our national debt.

In connexion with the valuation of the British Government's interest in the Anglo-Persian Oil Company, I desire to point out to Senator Earle that the valuation is not based on its refineries, tank steamers, and distributing organizations, but on the value of its oil-fields. It has its unearned increment to the extent of £40,000,000 or £50,000,000 in the oil wells in Persia. Under this agreement it is not possible for the Anglo-Persian Oil Company to obtain any potential increment of that nature, because the Commonwealth Government own the resources, and will control all the oil-fields that are or will be discovered in New Guinea or any other Commonwealth Territory. I believe that others have been trying rather hard to get some sort of control in New Guinea of the oil we hope to find there. I for one am very glad indeed that no foreign company has been allowed to come in. I am glad that the Commonwealth is to be linked up with a purely British company, and I believe that, although in the agreement for the exploitation of the oil resources of Papua, there is no penalty provided, there is a very great moral obligation thrown on the Anglo-Persian Oil Company, as an Imperial concern, to find oil there as quickly as they can. The more oil we can obtain in those places marked red on the map, that link the Empire round the world, the stronger shall we be so far as the defence of that Empire is concerned.

With respect to the agreement itself, I have looked at paragraph 14 with some concern. In Committee I shall have something to say as to the inadvisability of giving any Minister legislative power. All changes we make in the Customs Tariff that possibly may be necessary under paragraph 14 of the agreement should be made, not by an administrative act of a Minister, but by a legislative Act of this Parliament.

Some people say that the control that is given to the Anglo-Persian Company for fifteen years is too long. Others criticise the agreement because there is no penalty upon the company if they do not fulfil their obligations. But, as one of the legislators who must take some of the responsibility in this matter, I shall rest

satisfied that it is a purely British company controlled by the British Government, that the oil is wanted for British Imperial and commercial purposes, and also that the Anglo-Persian Oil Company are going to give us of their best technically and otherwise, and that if they cannot discover oil in Papua nobody else can do so. I am in agreement with Senator Earle to some extent when he suggests that the development of the oil resources of Australia so far may, in some instances, have been kept back, perhaps, by sinister means.

I am not altogether satisfied that the Anglo-Persian Oil Company should be able to deal in the Commonwealth in the same way as they do in England. I do not think that they should be allowed to do so. It is common knowledge that the British Government have been so hard put to it to obtain revenue that each and every means possible has been adopted in order to obtain the maximum profit from enterprises with which they have been associated. The profiteering report to which I have alluded deals with this matter, and makes a reference to the Anglo-Persian Oil Company. I am referring to the subject now in order that it may be recorded that we in Australia have our eyes open to the possibilities of the future. The report to which I refer contains the following:—

We feel strongly that when the Anglo-Persian Company (in which His Majesty's Government hold a controlling interest) is free to market its own production, steps should be taken by His Majesty's Government to insure that all products are sold at a reasonable figure in this country without reference to excessive prices ruling in other fields. We attach great importance to this point, as we are of opinion that when the existing contracts by which the Anglo-Persian Oil Company are bound expire in 1922, it will be in the power of His Majesty's Government to give protection to the British users of petrol, and thereby to confer substantial benefits on the whole community of this country to whom the cost of all commodities must be enhanced by any rise in the cost of petrol. In our opinion, it is far more important that the Government should secure for British users of petrol a reasonable price than that it should participate as a shareholder in a company in excessive profits made at the expense of the British public.

Obviously, the Anglo-Persian Oil Company, in respect of its supply of oil to the United Kingdom, is under some agreement with other oil interests by which, perhaps, to some extent, the price of oil

there is kept up. I am placing this on record to show when any reference is made to this debate that we know what is taking place elsewhere, and that we do not want a repetition of it here. We do not want the British Government or the Commonwealth Government to look for excessive profits because we shall participate in them. The chief reason why we are establishing the oil industry in Australia—and I hope we shall be able to establish it to such an extent as will make us fully self-supporting and independent in the matter of the supply of oil—is that the consumer shall be able to buy the oil he requires at a reasonable price, and not that the Commonwealth, the British Government, or the Anglo-Persian Oil Company shall reap excessive profits.

Senator BAKHAP.—There will be other factors that will soon make the price reasonable enough. Oil is not going to be the fuel for ever.

Senator PRATTEN.—I saw somewhere that Dr. Wade had been sent to England to represent the Commonwealth Government in this matter. While not wishing to say anything at all derogatory to that gentleman, who, I believe, is eminent and well known as a first-class geologist, I want to say that his commercial management of oil boring in Papua does not indicate that he possesses the necessary business and commercial qualifications to represent the Commonwealth in connexion with this matter.

Senator BAKHAP.—For a time he had very hard luck. Fever killed some of his staff.

Senator PRATTEN.—I want to say, as a fundamental principle, if Dr. Wade is going to represent the Commonwealth Government as a geologist and as a scientist, I shall rest satisfied that in that regard the Commonwealth will have good representation. But if he is going to represent the Commonwealth in connexion with the business end of this organization, I say that, clever as the agreement is, and good as it is, it is going to be spoiled by bad administration if the Government make appointments of that sort. I hope that the Minister for Defence (Senator Pearce) has noted the point I have made.

Senator DE LARGIE.—We had no experience of Dr. Wade's commercial qualifications.

Senator PRATTEN.—Let me put the matter in another way. As a fundamental principle, if the Government are

going to put a scientist in a business man's job, or a business man in a scientist's job, they will be doing the wrong thing. I place this on record now because possibly the attention of the Government may not have been drawn to the matter. I do not know in what capacity the services of Dr. Wade are to be used, but if he is to be employed in a business capacity I say deliberately that a round peg will have been placed in a square hole, which it will not fit. But if his eminent services as a scientist and geologist can be co-opted by the Anglo-Persian Oil Company, probably he may be of great use in connexion with future Papuan developments.

Reference has been made in the course of the debate to the directorate of the proposed new Australian Commonwealth Oil Refining Company. It is to have a capital of £500,000, and upon the directorate of that company the Anglo-Persian Company and the British Government are to have the right of nominating four directors, and the Commonwealth the right to nominate three directors. Because the directors will control all technical and commercial matters, it has been suggested that the Commonwealth will have only nominal control of the company. As I understand the position, technical matters will comprise all the technical skill and knowledge necessary, not only to erect the refinery, but to refine the oil. Commercial matters will cover the transportation of the crude oil to the refinery and its sale and distribution after it is refined. These are the four corners within which, so far as I understand the matter, the directorate will have control. The control of the Commonwealth comes in from the fact that not only shall we have a majority of the shares, but we can say what is a fair and reasonable price at which the profits of the refinery are to be sold. No articles of association are placed before Parliament in connexion with this company, but I take it that they will be of the usual character, that one share will carry one vote, and, if that be so, the Commonwealth will at the annual meetings of the company be able practically to do anything it likes within the four corners of the agreement.

I have no hesitation in saying that this agreement, this happy combination of solely Imperial interests—the British

Government, the Commonwealth Government, and the Anglo-Persian directors—to solve the problem we have all wanted to solve for so long is going to be kept, not only in the letter of the Bill we have before us, but in the spirit of Empire, to strengthen our people and our defence. It represents a continuation of that Imperial policy to which I believe every one of us adheres, to make, not only the Commonwealth, but the Empire to which we belong, self-supporting and self-contained. I congratulate the Government upon bringing forward this agreement.

It has been improved in another place in some not unessential details, and comes before us in a fairly perfect form. I have one point, and one point only, to deal with in Committee, and it is as I have already said, that I shall not be a party to allowing any Minister or any Government to impose Customs duties by an administrative act. That is the sacred right of Parliament alone. As I read paragraph 14 of the agreement, it gives the Administration the right to impose duties. If that right be taken away, and be given only to this Parliament, the agreement, so far as this country is concerned, will be fairly complete. I again congratulate the Government upon a sound, strong, Imperialistic attempt to solve the burning oil question. All that we require to complete the benefits conferred by this Bill and to complete our satisfaction so far as oil is concerned, is to strike it in Papua. As there is an agreement with the British Government, concurrent with the refinery agreement, to go on with the work of exploration, I am hopeful that, in a year or two, the combination of our efforts now and our expenditure, stretching over the last six or seven years, will be successful and profitable to the people.

Senator GRANT (New South Wales) [5.56].—Notwithstanding all that has been said about the provisions of this Bill, it is still very complicated; so far, at least, as the schedule is concerned. The Bill itself is very short, consisting only of a title, and a reference to the agreement, and the crux of the question lies in the agreement. It is a measure which certainly ought to go to a Select Committee before it is finally dealt with by this Chamber, and I intend to move "That the Bill be referred to a Select

Committee of the Senate, with power to send for persons and papers, for inquiry and report." It is most difficult, even to those who devote a great deal of time to the question, to ascertain exactly how the oil supplies of the world are manipulated, and why the people of Australia have to pay such an exorbitant price for the commodity. The price has steadily advanced from a few pence per gallon until at present it is approximately 3s. 6d. per gallon, with the prospect of going higher. There appears no justification whatever for this exorbitant price, but as the transport is largely in the hands of wealthy capitalists, and the oil fields are also in their hands, the consuming public are almost completely at their mercy. While that is so, this measure does not seem to deliver us from that very great difficulty. I understand that the British Government holds half the interests and half the voting strength in the Anglo-Persian Oil Company, but I would like the Minister for Defence (Senator Pearce) to inform us who the other shrewd gentlemen are who hold shares in it. What other Britishers hold the balance of the interests? I agree with some of the previous speakers that we have to be most careful regarding the members of a company, irrespective of whether they are British or not. Nowadays, it is realized that a company, whether British or otherwise, is out to make the very last fraction it possibly can. The Coats' Thread-Spinning Company is all British, and yet it makes enormous and extortionate profits. Reels of cotton which were sold here some time ago at 3½d. now cost 1s. each, and the price is still going up. That is done by a purely British Company, and the mere fact that the Anglo-Persian Oil Company is run half by the British Government, and half by another body of, we are assured, British subjects, is to me no guarantee that they will do the right thing by the people of Australia.

Senator DE LARGIE.—I thought it was claimed that Free Trade would put an end in Great Britain to all such monopolies as the Thread Trust.

Senator GRANT.—Free Trade is not likely to do anything of the kind, because the ramifications of capitalism have developed to such an extent that to-day they are world-wide. Capitalists do not know any State or national boundaries. Their field is the whole world, and no

Tariff is sufficient to prevent them carrying out their objective.

There is one peculiar part of the agreement to which I would invite special attention. Apparently, it is to be part of the duty of the company to assist in searching for oil in Australia, but in the meantime they are to supply Australia with crude oil to be treated in the proposed refinery. I understand, from reading through the agreement, that, until the refinery is in operation, the company will use its best endeavours to secure adequate supplies of oil products to Australia at a reasonable price.

Senator PEARCE.—That is so.

Senator GRANT.—That part of the agreement reads very well, but who is to determine what are reasonable prices?

Senator PEARCE.—The Commonwealth.

Senator GRANT.—There is nothing in the agreement so far as I can see to show that the Commonwealth Government has any such power. The agreement provides that the refined products of the company shall be sold at a reasonable price, but the reasonable price of the refined products will depend entirely, or almost entirely, upon the price at which the crude oil will be supplied to the refinery. The prospects of securing crude oil in Papua or Australia may be very much better than the general public are aware of, or, on the other hand, the reports which are made public may be quite in accordance with the facts. The quantity of oil hitherto produced in Papua does not exceed about 5,000 gallons, and this has cost the Commonwealth in round figures £120,000 to obtain. I am not speaking of the oil produced from shale in Australia, but of the oil production of Papua alone. Apparently the refinery is to be at the mercy of the shrewd band of British investors, backed up by the British Government, who can supply the crude oil to it at their own figure.

Senator PEARCE.—No; at the price charged to the British Government.

Senator GRANT.—What the Minister says does not appear to me to be a very satisfactory solution of the difficulty, although it is certainly better than nothing.

Senator BAKHAP.—Would you expect us to get it for less?

Senator GRANT.—No. I would not expect the Commonwealth to get it from the company at a fraction less than they will be prepared to supply it to the British Government.

Senator PEARCE.—As the result of this arrangement, the British Navy is getting its oil for half of what we are paying.

Senator GRANT.—That is something. If it is so, could not some understanding be arrived at whereby, although the general public might be fleeced, the requirements of the Australian Navy could be supplied in the same way as those of the British Navy are supplied?

Senator PEARCE.—This agreement will do that, not only for the Navy, but for the public.

Senator GRANT.—Could not the Government go further and see that all Government requirements were supplied at the same figure as is charged to the British Navy?

Senator PEARCE.—This agreement will provide that.

Senator GRANT.—Perhaps it will, but there is no intimation in the agreement to that effect, so far as I can see. I should like the Minister very much to give us the names of the gentlemen comprising the Anglo-Persian Oil Company.

Senator PEARCE.—I will undertake to do so if you will also give us the names of the persons who comprise the Standard Oil and Shell Companies.

Senator GRANT.—I thought the Minister had the information at his disposal, but apparently it is not so easy to obtain as one would imagine. To a certain extent, therefore, the Senate is in the dark.

There is also in the agreement a clause dealing with the directorate. It provides that the Commonwealth shall invest £250,001. and have three directors on the board, while the Oil Company put up £249,996 as their portion, and three persons nominated by the company have one share each. At the same time, it is proposed to give the company four directors. I must confess that that arrangement does not appeal to me. As the Commonwealth has a majority, even if it be only a nominal majority, of the shares, it ought to have a controlling voice in the management of the refinery. I agree with Senator Earle that the limitations on the actions of the company, as defined in sub-paragraph d (iv) of paragraph 3 of the agreement, are completely vitiated by the provisions of paragraph 5. I should like to hear the Minister on that point before the Bill goes into Committee, if it is intended to push it right through. We were informed this

afternoon that it is entirely wrong for a Government or municipality to permit a number of its citizens to get a right such as has been given to some tramway companies, and then to pay them more than the actual value of the concern at a given period. There should be a provision in the agreement empowering the Commonwealth to purchase the assets of the company in accordance with the money put into it by the parties. If that stipulation were made, the total amount required to be paid by the Commonwealth at the end of fifteen years would be only £250,000, but apparently the Government have decided that at the termination of that long period the matter shall be settled by arbitration.

I opposed the suspension of the Standing Orders moved by the Minister to enable the Bill to go through all its stages without delay, because such a proposal was not fair to the Senate. No one who has spoken on the measure yet has shown himself thoroughly acquainted with all the provisions of the agreement.

Senator PEARCE.—You have shown that you are.

Senator GRANT.—I have referred only to a few of them. I do not profess to be acquainted with the provisions of the agreement at all, nor did it appear to me that the two previous speakers were thoroughly acquainted with them. In view of the difficulty that most people have in grasping the full meaning of an agreement of this character, it is not fair to ask the Senate to deal with it without the delay of a day or two. I appeal to the Minister not to insist on the measure going through without delay, although I admit that he has the power to do so. For the reasons I have given and because I believe the Bill will be far-reaching in its effects, I think it should be examined leisurely and with the fullest information at our disposal. I therefore move—

That all the words after the word "That" be left out, with a view to inserting the words "the Bill be referred to a Select Committee of the Senate, with power to send for persons and papers for inquiry and report."

The PRESIDENT (Senator the Hon. T. Givens).—There being no seconder, the amendment lapses.

Senator BAKHAP (Tasmania) [6.10].—Beyond all doubt, there is the reflection in the minds of most thinking men that the operations of corporations aiming at the exploitation of the oil resources of a

country should be carefully scrutinized in the interest of the general public. The American Courts have wrestled with this problem on numberless occasions, and have left it very much where they found it. I am in much the same quandary as most other people. I cannot pretend to understand many matters in connexion with the production and marketing of oil, but I do know that the price charged to the Australian consumers of what has been properly described as a very necessary commodity, has of late years been increasing in a way that one can hardly understand, and it is singular that justification for this measure should appear in the cable news of the Australian press two or three days after the Prime Minister (Mr. Hughes) introduced the Bill in another place. In the course of his remarks, the Prime Minister submitted figures indicating all the successive rises in price, and on the 11th May I noticed in the cable news from New York a statement that the price of general motor-car petrol had been increased to 30 cents per gallon wholesale, and 35 cents per gallon retail. In Australian money this works out at about 15d. per gallon wholesale and 17½d. retail. Now, the Prime Minister's statement, which appears in *Hansard* of 8th May, gave the present price in Australia as 3s. 7d. per gallon, compared with 1s. 5½d. in 1911, so there has been a rise of about 175 per cent. in nine years. No statement in regard to freight charges or the cost of retailing petrol will explain this remarkable difference between the American price and the charge to Australian consumers. Some years ago I read a romance in which the fertile imagination of a novelist depicted the hero as in the grip of a ferocious band of Chinese, the particular chapter being headed "In the Grip of the Hip Sings." These Chinese bandits were supposed to have a strangle-hold on the hero of the story, and I say that, beyond all doubt, if petrol is going to continue to be a factor in our commercial and industrial development, we are, in very truth, in the grip of modern "Hip Sings." Therefore, some action is required to deliver us from the body of this death, for death it will be if this state of affairs continues. Accordingly, I welcome this measure as a possible source of relief.

There can be no doubt that the Bill has been so improved by hon-

orable members in another place that I do not know that we in the Senate require to do a great deal more. The agreement framed by the Prime Minister on behalf of the Commonwealth, and, I presume, by certain officials of the Anglo-Persian Oil Company, appears to satisfy all requirements. It is possible that they "builded better than they knew," for this measure, as an earnest of the goodwill of the Mother Country, may be regarded as an economic and industrial link in the chain of Imperial Union. I am an Imperialist. I am a British subject, and while I have every respect for the citizens and institutions of the American Republic, the interests of the British Empire are with me paramount; but as an Australian I regard this country as one of the most important component parts of the Empire. Anything that is good for the Empire is, in my judgment, good for Australia, and until we develop other sources of power within our own territories this agreement must be welcomed.

My immediate concern is as to how this agreement will affect the shale oil resources of the State which I have the honour to represent in this Parliament. References of a veiled character have been made to something sinister which has transpired from time to time in regard to the attempted development of Australia's shale resources. Up to the present, we have not discovered well oil in Australia; but I have very little hesitation in saying, from what I have read of the geological conditions under which oil is found, that we are extremely likely to discover sources of liquid oil at a very early date. I have very little doubt that it will be found south of the Gulf of Carpentaria. I believe that the conditions that were essential when the superficial crust of the earth was being laid down, are present in the northern portion of Australia, and that we are just as likely to discover oil in large quantities on the mainland as we are to discover it in New Guinea.

Senator KEATING.—If the Standard Oil Company will let us.

Senator BAKHAP.—I intend to say something about the attempts of a sinister character which have been made to prevent the development of our oil resources. Certain gentlemen, whose integrity is beyond all dispute, have assured me that a few years ago they visited Melbourne in connexion with the

development of our shale oil deposits. One of them with whom I would trust my life, and of whose truthfulness I have not the slightest doubt, informed me that during their stay in this city he and his friends were continually shadowed in motor cars by the representatives of other oil interests, and that their going and coming was observed in very much the same fashion as if they had been under the suspicion of a detective. I do not feel called upon to disclose the names of the gentlemen in question, nor the name of the State from which they hailed; but I feel sure that the interests which we are now endeavouring to develop, were regarded as of sufficient importance to warrant those gentlemen being kept under constant surveillance by the representatives of foreign oil companies. That being so, I approach this Bill with sympathetic consideration.

It has been stated that the Anglo-Persian Company is an entirely British company. If that be so, then my sympathy with it is, to a very large extent, secured. At the same time, I believe that the agreement which is embodied in this Bill is by no means a one-sided one. The smart men who look about for oil deposits, recognise, as I do, that in Australia we have a continent, a very large slice of the world's superficies, where oil is bound to be discovered, sooner or later. Naturally, they want to be in that discovery. I do not resent such a desire on their part. If a British company establishes a refinery here, the natural inference is that when liquid oil is discovered in Australia, it will be offered an opportunity of doing something in regard to the handling of such deposits. What more natural inference for the representatives of the company to draw? That is exactly what is likely to happen in the ordinary course of events. The Anglo-Persian Company is, as its name implies, a company which is largely founded on the possession at present of oil resources in an area which is, nominally, at least, a portion of Persia. We know that the feeling is abroad in the world that the exploitation of those oil wells, will be largely dependent upon the British Empire maintaining the good-will of the Mussulmans of the world. A tremendous Mohammedan upheaval would endanger the possession by the Empire of

those resources. Recognising that in Australia we have a continent under the British flag, the company naturally wishes to take the initial steps to become connected with any discovery of liquid oil which may be made here. What is necessary in order to completely allay any hostile public opinion, is that the Government at a very early date should submit to Parliament a well-considered measure for the purpose of stimulating legitimate prospecting for oil in Australia, and also the exploitation of our shale resources. Such a measure should be complementary to this Bill.

Senator SENIOR.—Does not the honorable senator think that the agreement to search for oil is a very shadowy one?

Senator BAKHAP.—Senator Senior will recognise—as I have done after studying the agreement—that it deals with an entirely different matter from the exploration of Australian territories in search of oil. That is a question for the consideration of Australian Governments. The Anglo-Persian Company will not enter upon that field of enterprise except in the way I have indicated. But if it successfully operates a refinery in which the Commonwealth is interested, it will, no doubt, be offered a prior right in the commercial handling and development of anything which may be discovered in the way of liquid oil deposits in the Commonwealth.

Senator SENIOR.—Does the honorable senator read into the agreement anything beyond that?

Senator BAKHAP.—Such a condition of things as I have outlined has not been embodied in the agreement. But I infer that that is the position which will arise in the event of oil being discovered in Australia, and the directors of the Anglo-Persian Company have not lost sight of the fact that it is desirable that they should get in pretty early—

Senator MILLEN.—Get a flying start?

Senator BAKHAP.—Why not? That is perfectly legitimate.

Some people talk of a monopoly in our oil supplies. There will be no monopoly under this Bill. The Government and the people of Australia will retain possession of any oil wells which may be discovered in this country. Personally I have come to the conclusion that it is particularly necessary that in this measure some consideration should be given to the development of the shale

resources of the Commonwealth. But my interpretation of the agreement is that that will remain the concern of the individual States. This company will not be given, by virtue of this agreement, any legal authority to exploit our shale deposits. But if it wishes to secure the good-will of the Australian people it will lay itself out to assist in every possible way the development of Australia's own resources.

Sitting suspended from 6.30 to 8 p.m.

Senator BAKHAP.—I was observing prior to the adjournment that this company, although not under any legal obligation to take part in the development of any known oil resources in Australia, would be very well advised to adopt the most friendly attitude in regard to such development. Even if it should not do so, I am not aware that Australia will lose very much, for I do not think it has been urged by any one that the foreign companies at present selling oil in the Commonwealth have shown the least friendly disposition towards the development of Australia's oil deposits. Therefore, those who say that this agreement may do something to hinder the development of this country's shale deposits cannot well urge that anything like a friendly policy has been revealed by the foreign companies at present operating here. The agreement enjoins upon the Commonwealth impliedly a much more vigorous policy of exploration and exploitation than has been the case hitherto. It states that until indigenous oil is available to the Commonwealth, the Oil Company shall supply the Refinery Company with such quantity of crude mineral oil as it requires for refining, but not exceeding 200,000 tons in any one year. It is contemplated, then, that there will be a time when indigenous oil will be refined in Australia in place of that which it is intended to import in the first instance. If I thought that this measure would tend to operate in the direction of hindering Australia's known, but yet to be specifically ascertained deposits, I would vote against it; but I feel that it will act in quite a different direction. The Commonwealth has in contemplation the ultimate supply to the Refining Company of Australian oil. If there is anything at all obligatory on the Commonwealth, it certainly will be in the interests of Australian development to supply this oil at the earliest possible date. And, if it is the intention of the

Commonwealth Government to make an endeavour in that direction, it should take into consideration, through the medium of this Legislature, the making provision for most extensive prospecting. It should offer inducements for the discovery of oil such as have not hitherto been contemplated.

I am not one of those who believe that the world is going to be dependent on oil for any great length of time. If such were to be the case, the fact would set a limit upon human endeavour. For we know that in some of the most prolific oil-producing countries to-day there is already revealed a tendency to exhaustion. There must be a limit to the crude oil resources of the world. I suppose that members of a democratic Legislature may at least claim that they are in the habit of dealing with things as they are, and not of looking too far ahead. I could detail dozens of possible sources from which energy may be derived by the scientists of the future. For example, there is as much latent energy in a ton of quartz as in a ton of coal. All we lack to-day is the scientific knowledge with which to unlock the secrets of nature in order to make that energy available. If there should be any marked advance in the present price of petrol I am fairly confident that it will be rapidly superseded by alcohol, or by alcohol mixed with other elements. Already there is on the market, or about to be placed in Australia, a motor spirit which is largely derived by the distillation of vegetable matter, which is said to have given far superior results compared with petrol as a motor fuel.

Senator FOLL.—And it is cheaper, too.

Senator BAKHAP.—I have read in the Australian press that in South Africa there is a fuel in use, and that the shares of the company owning that fuel have advanced from £5 in a very short while to more than £100. It will be understood, of course, that I hold no brief for that company, and I am not in any way interested in the spirit which it is placing on the market; but I have long held that alcohol, or some preparation thereof, will supersede petrol, with regard to its use for internal combustion engines, as soon as petrol becomes unreasonably costly. In Germany, alcohol distilled from vegetable matter has been largely in use for motor purposes. For the present, however, petrol is undoubtedly necessary to our economic and industrial life. There is an

unquestioned obligation created—a situation set up—in which the Commonwealth Government must furnish every stimulus, both financial and scientific, for the exploration and exploitation of Australia's known and latent oil resources. I emphasize that if I thought the agreement was likely to interfere with the development of Australia's shale deposits I would not favour it. I believe, rather, that it would be an incentive to development, and in that light I intend to support the second reading. It is my belief that for the immediate future this agreement is necessary. What may happen before many years in regard to liquid fuel I am not ready to state. It is not impossible that solar energy may be developed by scientists to such a degree that it will take the place of liquid fuel in the industrial and economic life of the world. But at present Australia is dependent on foreign companies for fuel oil supplies, and I am sufficiently British to prefer a British firm. And, although I have always advised most friendly relations with the people of the United States, I nevertheless, say that there has been nothing apparent in the efforts of the American oil interests operating in Australia to justify us in giving America one moment's consideration over and above that which we would give to a company hailing from Greece, France, China or Japan. Taking the measure in general and particular, I fail to see that it deserves anything but favorable consideration at our hands.

Senator KEATING (Tasmania) [8.10].—We are to some extent taking a leap in the dark. The information at our disposal regarding the *personnel* and constitution of the oil company with which it is proposed that the Commonwealth shall enter into partnership is not adequate.

Senator DE LARGIE.—Rather than a leap in the dark, I regard the position as being more than a leap out of darkness into daylight.

Senator KEATING.—At any rate, it is a leap. What may be the results of the agreement we cannot say, but I feel that we can scarcely be in a worse position than we are to-day, and have been, with respect to the supply of crude oil in Australia. Not long ago representations were made to me from a municipality in my own State; and I have found that similar representations could well be made by other municipalities throughout Tasmania. Portion of a letter, which I received

officially from one of those bodies, reads:—

There is another item in which you may possibly be of assistance to us, and that is in regard to crude fuel oil. At present we are paying 1s. 3d. per gallon for it, which is equivalent to £15 15s. per ton. Charges additional put the price well up to £18 per ton here. I see by *Hansard*—

It will be observed that *Hansard* is read pretty freely by the municipal councillors—

that contracts for the Navy, etc., are at £5 or £6 per ton. Of course, we only buy up to ten or twenty ton lots, but we could well increase our quantity for a reduced price. Can you help in any way?

Another communication which I have received states:—

I noticed in *Hansard* of the 20th inst. (page 525) Sir Joseph's Cook's reply to Mr. Atkinson, that crude oil has been brought into Australia at £5 0s. 5d. per ton. It is costing us £15 15s. without freight, etc. Repeatedly, in *Hansard*, I have noticed that crude oil is being purchased as low as £4 10s. per ton.

As a result of this correspondence, I put myself into communication with the Navy Office. I did not for a moment imagine that the Navy Office would accept the responsibility of providing municipal councils, in Tasmania or elsewhere in the Commonwealth, with the oil they required at a cost less than that at which they were receiving it. After some difficulty I obtained the address of one company in Melbourne which might or might not be the company from which these people were buying their oil. But the subsequent efforts I made to locate the cause of the discrepancy were absolutely futile. Honorable senators will agree that I would give close attention to representations of that kind coming from the State I represent, and yet my efforts were entirely fruitless. All I know is that, while the Commonwealth Government could obtain crude oil for £4 or £5 per ton, a private individual in Tasmania would have to pay something like £18 per ton. That does not look as if those responsible for supplying Australia with oil are giving the Australian consumers a fair deal.

Senator PEARCE.—My information is that the Navy are now paying £9 per ton, and that they paid £4 5s. and £4 10s. per ton for it in 1918.

Senator KEATING.—Certain statements were made in another place, and, having been recorded in *Hansard*, caught the attention of people in Tasmania, who compared the price for oil which they were then paying with the price which

the Commonwealth was then paying. If the Commonwealth price to-day is higher, I take it that the price to private consumers in Tasmania has been correspondingly increased.

Senator DE LARGIE.—How many gallons of oil go to the ton?

Senator PRATTEN.—About 250 gallons.

Senator KEATING.—I am quite well aware that any arrangement such as that proposed by the Bill will be very adversely criticised outside. Those who have so far had control of the market for oil in Australia will view any arrangement of this kind with a great deal of hostility and disfavour. We may naturally expect a great deal of adverse criticism of this proposal from those quarters, which we know are very strong financially and otherwise, and quite capable of entering upon a very vigorous propaganda. Whilst we may expect criticism from those quarters, the criticism which I should be more disposed to consider is that which will come from Australians themselves. The disparity between the price at which the Commonwealth will be able to obtain its supplies and the price at which the people of Australia can purchase oil has been a matter of criticism of the present condition of things, and shows the necessity for some redress in the interests of the private consumer. I can quite understand that the Commonwealth Government, in obtaining crude oil for the Navy, may bring it in their own chartered tanker from the source of supply to the ship's side. A good deal of expense associated with the importation of oil for private consumption would, of course, in this way be avoided. But even that advantage, great as it may be, would not account for any more than a fractional portion of the disparity between the price paid by the Commonwealth and the price demanded from Australian private citizens.

There is one aspect of the agreement to which I have not heard any reference made. I had not the opportunity to follow the passage of the measure in another place, and so I do not know whether any reference was made to it there. Perhaps, during my temporary absence this afternoon whilst engaged on the Library Committee, a reference to the matter may have been made by the Minister for Defence (Senator Pearce). I refer to the constitutional competence of the Commonwealth to enter upon this enterprise. It appears to me from the Bill, and from

what has been said in the discussion of it, that under this agreement the Commonwealth is practically about to enter into a definite partnership with the Anglo-Persian Oil Company, on definite terms, and for a definite purpose. Hitherto we have been accustomed to regard the Commonwealth, as such, as constitutionally incompetent to enter upon matters of trade by way of production or sale, except in so far as provision was being made for the immediate requirements of the Commonwealth Government. The Commonwealth Government can establish a woollen factory for the purpose of making material for the uniforms of the Commonwealth military or other servants of the Government. The Commonwealth Government can erect and operate a rifle factory for the purpose of providing rifles. It can erect an arsenal for the purpose of providing itself with various military requirements.

Senator FAIRBAIRN. — What about ships?

Senator KEATING.—The Commonwealth Government has entered into the business of shipbuilding, but I think it is generally conceded that, so far as shipping is concerned, its power to act as a shipowner is confined to the importation and exportation of goods to and from Australia.

Senator DE LARGIE.—Or trading on the coast.

Senator KEATING.—Yes, Inter-State transportation, because whatever powers it has with regard to trade and commerce are powers as between the Commonwealth and outside countries, or as between the States. Very early in the history of the Commonwealth an inquiry was held into the matter of the establishment of the iron and steel industry in Australia. The question was referred to a Royal Commission, of which, I think, Mr. Kingston was chairman. He had some doubt as to the competence of the Commonwealth to establish a Commonwealth iron industry. The matter was referred to the Attorney-General of the day, the Honorable Alfred Deakin, and Mr. Deakin's opinion, which became a parliamentary paper, the publication of which excited considerable interest, was very specific and very clear, and it was that the Commonwealth Government could not enter upon an enterprise of that character.

Senator PEARCE.—No. His opinion was that it could enter upon an industry of that character for the supply of its own requirements, and, incidentally, could sell its surplus production.

Senator KEATING.—I was about to say that Mr. Deakin's opinion was that the Commonwealth Government could not enter upon an enterprise of that character except in so far as it was necessary for the Commonwealth Government's own requirements. That was to be the primary purpose and scope of the enterprise, and if, in fulfilling that primary and exclusive purpose, there was a surplus as a part of the conduct of the business, and incidental to it, the Government could dispose of that surplus. But is it contended that in connexion with the enterprise now under consideration, the Commonwealth will import the quantity of oil provided for in the agreement primarily and exclusively for the use of the Commonwealth Government, and that only if there should happen to be a little imported in excess of its requirements it will dispose of that surplus to citizens of the Commonwealth or to the outside world?

Senator PEARCE.—The estimated requirements of the Navy are 50,000 tons.

Senator KEATING.—How many tons is it contemplated will be produced by this enterprise? I think we require to be certain of the ground on which we are treading in this matter. I have taken this measure to have for its object the provision of cheaper oil generally throughout the Commonwealth.

Senator PEARCE.—The production of fuel oil is estimated at 72,000 tons, and of that quantity the Navy will require 50,000 tons.

Senator KEATING.—That will leave a surplus of 22,000 tons, and it seems to me that it would not be within the constitutional competence of the Commonwealth to dispose of such a surplus.

Senator NEWLAND.—There will be other requirements of the Commonwealth to supply, as well as those of the Navy.

Senator KEATING.—If 72,000 tons are to be produced, and 50,000 tons are required for the Navy, there will be 22,000 tons available for sale by the Commonwealth.

Senator PEARCE.—The incidental surplus referred to by Mr. Deakin.

Senator KEATING.—I am afraid such a quantity could scarcely be regarded as an incidental surplus.

Senator DE LARGIE.—What about our air fleets? They will require fuel oil.

Senator KEATING.—I am dealing with the estimate of production suggested by Senator Pearce, and the requirements of the Navy.

Senator EARLE.—The honorable senator contends that the Commonwealth cannot be a shareholder of a company trading with the public.

Senator KEATING.—Not if that is the primary purpose of the enterprise. Just as the Commonwealth cannot do that by itself, it cannot do it as a partner in a company. When the Commonwealth enters upon production, manufacture, or importation, for its own immediate purposes, if in the carrying out of any such business a surplus is produced, imported, or manufactured, the Commonwealth may, as a matter of prudence, and incidental to the carrying on of the business, dispose of that surplus to the public. That is the effect of Mr. Deakin's opinion, and, so far as I remember, it has never been contested to this day. As a matter of fact, in connexion with nearly every campaign that has taken place to extend the powers of the Commonwealth Parliament that opinion has been relied upon; and it has been pointed out that, until the powers of the Commonwealth with regard to trade and commerce are extended, it is forbidden to enter upon various industrial activities into which it might otherwise enter with great advantage to the community.

I mention that matter in passing, and I am afraid that my remarks on other points must also be made in passing, because I regret that we have not had a more extended opportunity for the consideration of this measure. It is only very recently that I have had any opportunity to give the question consideration. There are two provisions in the schedule to the Bill which seem to me to be of considerable importance; and I might as well allude to them here. One is the provision in paragraph 12 of the schedule which seeks to fix the price payable by the Refinery Company for crude mineral oil as equivalent to the price f.o.b. at the port of shipment paid by the

British Government to the Oil Company for crude mineral oil. I have been informed—I do not know with what exactness, but, at any rate, with an air of assurance and knowledge—that this is an altogether fictitious standard of value. I have been told that Great Britain does not require and does not buy crude mineral oil, but buys only fuel oil, which is a refined product of the crude mineral oil. I am told that if we are going to fix the price by the f.o.b. price for crude mineral oil paid by Great Britain to the Anglo-Persian Company, we shall be using a non-existent standard. The information may or may not be right, but I mention it before the Bill goes into Committee, because it is well that the Minister should know that criticism of that kind has been addressed to the agreement.

Another broad principle is involved in paragraph 14 of the agreement, which provides that so long as the prices charged by the Refinery Company for the products of refining are considered by the Commonwealth fair and reasonable, the Commonwealth shall do certain things. There ought surely to be something more specific in the way of determining what a fair and reasonable price is. The paragraph throws upon the Commonwealth the responsibility of preventing dumping, and refunding duties, and introducing a Tariff provided that the products are sold at a price considered by the Commonwealth to be fair and reasonable. Before we reach the schedule in Committee, we should have some assurance from the Government that effective steps will be taken to determine in some specified way the method of deciding the Commonwealth's opinion on the matter. Is it to be the opinion of the Commonwealth Government, or of some body like the Interstate Commission, or the Board of Trade, or of a Minister, or of some Commission or Committee? As it at present stands, the form of wording seems rather loose and vague, and if the legal representatives of the other partner to the agreement are satisfied with it, they have either overlooked it, or they are eager enough to seize the agreement as soon as they can get it.

Senator EARLE.—In paragraph 13A on the same subject there is nothing to show

who is to determine whether the price is fair and reasonable.

Senator KEATING.—That is quite true. It seems to me that there are certain provisions in the agreement which have been inserted with a considerable amount of haste. They must have been overlooked by those concerned, or their appearance would suggest an indecent haste on the part of the other party to the transaction to get the agreement in any form.

The question of Inter-State freights once the oil is imported and refined has struck me in connexion with the whole proposition. I understand that at present it is very difficult to arrange for the Inter-State carriage of products such as this refinery will turn out. There are at present, I am informed, some ten or a dozen ports in the Commonwealth at which these products are landed from overseas vessels. When it comes to moving certain of them from State to State under present conditions one is confronted with a considerable amount of difficulty. It is very hard to get freight for certain articles between State and State on coasters or Inter-State vessels, and I believe that, so far as certain passenger vessels are concerned, petrol is a prohibited article of freight. I do not know whether the Government have adverted to the conditions existing on the coast-line of Australia in this connexion, or whether it is proposed to take any action to enable the products of the refinery, at whatever port it may be established, to pass freely from State to State, or from port to port within a State. These are matters to which some consideration might be given before the agreement is completed, and I hope that when we reach the discussion of the schedule, the Minister will be able to afford us information upon them.

I would impress on the Minister the necessity of inquiring into the information given to me, that the British Government do not buy crude mineral oil from this company, or from anybody, but buy only fuel oil, which is a refined product of crude mineral oil. That wants looking into, because it raises a most important and vital point, regulating as it does the actual price.

Senator EARLE.—I am inclined to think that fuel oil and crude mineral oil are one and the same thing.

Senator KEATING.—I am told not.

Senator DE LARGIE.—In this country crude oil is the same as fuel oil.

Senator KEATING.—The statement I have quoted was made to me with a great deal of confidence by somebody associated with oil, and I mention it now, so that when we come later to the discussion of the schedule, the Minister will be in a position to give attention to it.

Senator PEARCE (Western Australia—Minister for Defence) [8.40].—The Government have no reason to complain of the way in which the agreement has been received. Honorable senators generally have met it in a favorable way, and what criticism there has been has been offered in the endeavour either to get more light on the question, or to tighten up the agreement. I agree with Senator Keating that the point raised by him last is important. I am only in a position to say at present—although I am having the information checked—that the British Government does buy this oil as crude oil, and uses it in that form for certain Navy purposes as fuel, and that, therefore, the paragraph in the agreement, as it stands, is perfectly workable, because there is a price to which we can refer.

Senator Keating also raised the point of the authority to determine what is a fair and reasonable price. To me, as a layman, it seems that if I am appointed a judge of what is fair and reasonable, I must obviously determine for myself how I shall arrive at my conclusions. That may not be the way a lawyer would put it, but I should think I could please myself as to how I arrived at my determination. Clearly what the agreement says is that the Commonwealth—that is, the Commonwealth Government—shall determine what is fair and reasonable. It is immaterial whether we employ the Inter-State Commission, or experts, or a Department, or any other means for the purpose. The essential thing is: Who is to determine what is fair and reasonable? My answer is: "The Commonwealth Government."

Senator EARLE.—Paragraph 13A should be more definite.

Senator PEARCE.—That paragraph says, "such prices as are fair and reasonable." It is the Commonwealth Government that is to determine what is a fair and reasonable price. That being so, it is immaterial what machinery we set up to determine it.

With regard to the constitutional rights of the Commonwealth in this matter, Senator Keating mentioned that an opinion had been obtained from an ex-Attorney-General. It is dated 18th July, 1903, and is as follows—

OPINION OF THE HON. THE ATTORNEY-GENERAL
RE ESTABLISHMENT OF IRONWORKS BY THE
COMMONWEALTH.

Dear Mr. Kingston,

You ask for my opinion, for the information of the Bonus Commission, as to the powers, if any, of the Commonwealth to establish iron-works.

In my opinion no such power is included in the express gift of legislative power to the Federal Parliament.

The trade and commerce power, vast though it is, does not appear to extend to production and manufacture—which are not commerce. Commerce only begins where production and manufacture end. (See *Kidd v. Pearson* 128 U.S. 120.) Moreover, the fact that the trade and commerce power is limited to external and Inter-State trade and commerce indicates that the power which the States undoubtedly possess to undertake Government industries within their own limits is not shared by the Commonwealth under this sub-section.

Under sub-section (i), (ii), and (iii) taken together (trade and commerce, taxation, and bounties), the authority of the Commonwealth over industrial development is of the largest; but though it allows of control, regulation, and guidance, it in no respect points to direct establishment or management of any industries.

Nor can I find in any other part of the Constitution any express authority for the course suggested.

The implied powers of legislation remain to be determined, but include, under sub-section 39 of section 51, matters "incidental" to the exercise of the express powers.

The manufacture of iron may be incidental to the execution of many such powers, *e.g.*, defence or the construction of railways. The Commonwealth might clearly undertake the manufacture of any goods for its own use; and probably if it did so, and it were incidentally advantageous to the interests of the economical working of the undertaking that it should also manufacture for other consumers, such manufacture would also come within its implied powers. Except as above, it does not appear that any power to establish and conduct manufactures can be implied from the Constitution.

Yours faithfully,

ALFRED DEAKIN.

That opinion appears to make it pretty clear that in regard to iron, for defence, railways, or any other purposes, we may manufacture for our own needs, and, if we wish, sell to other consumers. At present our oil requirements for the

Senator Pearce.

Navy are about 50,000 tons per annum, but we do not know what amount will be necessary for our air and naval forces in the near future, though we can safely assume that a large quantity will be required. I do not think we need concern ourselves very much about the constitutional powers of the Government. The late Mr. Deakin's opinion appears to be sound, and it has not been contested.

Senator KEATING.—The opinion, I think, has been generally acceded to, and in fact appealed to, as illustrating the Commonwealth's lack of power under the Constitution.

Senator PEARCE.—When I commenced to speak in reply I informed honorable senators that I had instructed my officers to ascertain if the British Government were buying crude oil from the Anglo-Persian Company, and I have just been informed that they are buying both fuel and crude oil. Under the paragraph in the agreement relating to the subject, we have a perfectly safe means of checking the price.

I come now to the point raised by Senator Pratten, whose remarks were friendly to the measure. He pointed out that the agreement would take away the legislative powers of Parliament, in regard to the Customs Tariff, and permit of its exercise by administrative acts. On this point I draw honorable senators' attention to paragraph 14 of the agreement, which reads—

In order to insure the full success and development of the oil-refining industry in Australia, the Commonwealth will so long as the prices charged by the Refinery Company for products of refining are considered by the Commonwealth fair and reasonable, but not further or otherwise—

- (a) exercise or cause to be exercised such statutory and administrative powers as it deems advisable to prevent dumping and unfair competition by importers of refined oil from other countries;
- (b) refund to the Refinery Company any Customs duty paid by the Refinery Company upon the importation into Australia of crude mineral oil purchased from the oil company and refined in Australia by the Refinery Company;
- (c) cause to be introduced into the Parliament of the Commonwealth and supported as a Government measure a Bill providing for the imposition of Customs duties on crude mineral oil whenever in its opinion such action is necessary or advisable to prevent

unfair competition with the products of crude oil refined in Australia by the Refinery Company.

This provides that administrative action may be taken, but I remind honorable senators that no such power would be effective as an administrative act, because any refunds of duty made would have to appear in the Estimates and be voted upon by Parliament. In other words, until Parliament authorized the refund, it could not be made. If any refunds are made, involving large sums, these amounts must appear as separate items in the Estimates. Statutory power alone might not be sufficient. The Government pledged themselves not only to take statutory power but to administer this provision of the agreement.

Senator PRATTEN.—This paragraph will give the Government, if Parliament were not sitting, authority to take any administrative action they think proper.

Senator PEARCE.—Any administrative action thought necessary. Does not the honorable senator see that this is an assurance to the company that the Government will administer this portion of the agreement?

Senator PRATTEN.—It would give the Government authority to administer before the law was passed.

Senator PEARCE.—No, because the words "statutory" and "administrative" appear in the agreement.

Senator PRATTEN.—Much depends upon the reading of the phrase.

Senator PEARCE.—That is all I can say on the point. That is my interpretation of the paragraph, and I think that is the intention of the agreement.

Senator THOMAS.—What is the necessity for it at all?

Senator PEARCE.—The necessity lies in the fact that the company wants an assurance on this point. We all know the pressure that might be brought to bear by the Standard Oil and other companies to injure this concern; and the Anglo-Persian Oil Company, before they put their money into the venture, want an assurance from the Government that, in certain circumstances, such as a trade war initiated by the Standard Oil or any other company to wipe them out, they will be protected. And in this agreement we say that if those companies take such action as that we will support the Refinery Company by this measure.

Senator EARLE.—Does this agreement give the company any further power?

Senator PEARCE.—No.

Senator KEATING.—It gives the Government power to temporarily prohibit importations.

Senator PRATTEN.—And that is what I object to.

Senator PEARCE.—Senator Earle, referring to paragraph 5 of the agreement, took exception to the commercial management of the concern being in the hands of the Refinery Company. But his objection, I think, was well answered by Senator Bak-hap, and I have nothing to add to what the honorable senator has said on the point. I would like to make it clear, however, that we are not leaving the commercial management of the business to the Anglo-Persian Oil Company, but in the hands of an Australian Refinery Company.

Senator EARLE.—Which will have four-sevenths of the directors.

Senator PEARCE.—But the Commonwealth will have the voting power. We are availing ourselves of the commercial and technical knowledge of the company, and at the same time we are protecting ourselves against that commercial knowledge being employed to the detriment of Commonwealth interests.

Another, and, in my judgment, a more important, point raised by Senator Earle was in relation to the exercise of the option of resumption, which is dealt with in paragraph 16. The honorable senator indicated that when the Bill was in Committee he proposed to move an amendment to deal with the value of land and buildings; but I remind him that if we do exercise our power of resumption at all, we shall only resume the value of the company's interest in shares. This, of course, will include land and buildings. But let me say that this is a matter which cuts both ways, and the point was raised by the company's representatives. They wanted to be protected in the event of the shares falling in value. If we are going to say to the company that any accretion in the value of shares shall not be above a certain percentage in the event of resumption by the Commonwealth, then the company will have the right to say that if shares fall below their normal value, the Commonwealth, for resumption purposes, must not go below a certain percentage.

The Government would not concede that position. Senator Pratten pointed out that the parent company's interests are said to be worth £50,000,000; but I would point out that that value is not represented in land and buildings so much as by the company's vast oil fields from which it draws its supplies. In Australia the Refinery Company will have no such oil fields. Its interests here will be its share interest, the value of which will be determined by the success or failure of the industry; and if we admit the force of Senator Earle's contention, there would be no inducement to the company to make a success of the venture, because, in the event of the Commonwealth taking over the industry, they would not be entitled to reap the reward of their enterprise. I am sure Senator Earle has not fully considered this aspect of the question. Other honorable senators who spoke during the debate were favorable to the Bill, as, indeed, were those who raised the points to which I have referred.

Senator SENIOR.—Under this agreement, what will be the position of the company if they desire to prospect for oil?

Senator PEARCE.—They will stand in the same position as any other company.

Senator SENIOR.—Will any such discovery be part of the Refinery Company's assets?

Senator PEARCE.—No, I cannot say that.

Senator BAKHAP.—The business of prospecting has nothing to do with this agreement at all.

Senator PEARCE.—No. The Refinery Company is being formed for the specific purpose of erecting refineries. If the parent company think fit to come to Australia to prospect for oil, it will be in the same position as any other local or outside company. If they get concessions from State Governments, in the way of prospecting rights over certain areas or grants of money, that will be their business. It will have nothing whatever to do with this agreement.

Senator FOLL.—What is the position of the company in Papua?

Senator PEARCE.—They are in the position of agents of the Commonwealth and Imperial Governments, charged with the duty of exploration for oil.

Senator BAKHAP.—The Anglo-Persian Company; not the Refinery Company.

Senator PEARCE.—I am speaking of the Anglo-Persian Oil Company. I have excluded the Refinery Company by saying that under its articles of association it will be no part of its obligation to prospect for oil. It will be a refining company pure and simple.

Senator FOLL.—This Bill will not prevent the Government from offering subsidies for oil-boring in Australia?

Senator PEARCE.—I have already pointed out that we are increasing the vote under that heading from £10,000 to £50,000. In the light of the favorable reception which the Bill has had, I trust that it will have a speedy passage through Committee.

Question resolved in the affirmative.

Bill read a second time.

In Committee:

Clause 1 agreed to.

Clause 2 (Approval of agreement).

Senator EARLE (Tasmania) [9.2].—I ask the Minister to consent to the postponement of this clause in order that we may first deal with the schedule.

Senator PEARCE.—I agree to the honorable senator's suggestion.

Clause postponed.

Senator BAKHAP (Tasmania) [9.3].—I move—

That the following new clause be inserted:—

"3. Indigenous oil shall mean either oil which has been produced from shale or that which naturally occurs in liquid or partially liquid form."

This measure clearly contemplates the substitution for imported crude oil of an Australian production, namely, indigenous oil. Now shale oil is obtained from the retorting of a mineral—a sedimentary rock—in other words, shale. We all know that when a thing is retorted, and a liquid product is the result, that product is radically different from a partially or wholly fluid product such as is pumped up from wells. The Refinery Company which it is proposed to establish in Australia, may, for many reasons, have some objection to the product obtained from the retorting of shale. If it be a commercial proposition, that product can be refined, just as it is being refined in Australia, so as to make it a marketable spirit. But the first oil that will be dealt with by the Refinery Company will be an imported liquid oil. It should be our constant concern to see that Australia's natural resources are properly exploited. I believe that on the Australian mainland liquid

oil will be discovered in the course of time. Of course, it may be that my assumption will prove to be unfounded, and Australia may be thrown back, so far as her own resources are concerned, on the complete exploitation of the shale deposits which exist in the various States. Unless the position is very clearly defined, a refining company possessing ample resources of liquid crude oil outside of Australia may quite conceivably have a distaste for the work of refining Australia's shale product, notwithstanding that it may be clearly to the advantage of the Commonwealth that that product should be substituted for the imported crude oil. I anticipate that the most apposite criticism in regard to this measure will come from persons who are interested in the development of Australia's shale deposits.

Senator PEARCE (Western Australia—Minister for Defence) [9.9].—If I may be permitted to interrupt the honorable senator, I would point out that there is already a definition of "indigenous oil" in the agreement. Paragraph 7 of that agreement reads—

For the purposes of this agreement the term "indigenous oil" shall mean crude mineral oil obtained in the Commonwealth of Australia, or in any Territory of or under the authority of the Commonwealth, or in any place over which the Commonwealth has a mandate.

The dictionary meaning of the term "indigenous" is "produced, growing or living naturally in a country or climate, not exotic, immigrant, or imported, native." I have already pointed to the definition of "indigenous oil" in the agreement, and if we are now going to insert a definition of "indigenous," we might just as well insert another definition of "oil."

Senator BAKHAP (Tasmania) [9.10].—But the Government have accepted the responsibility of defining "indigenous" apart from its dictionary meaning. I think that the Minister will be well advised in the interests of the resources of Australia if he agrees to my amendment. Crude mineral oil may reasonably be construed by the contracting company as crude liquid oil. Now, oil produced from shale is a secondary product, the result of an elaborate retorting process. Oil shale looks for all the world like a piece of slate. I am very apprehensive that the Senate, as a chamber of review, may be held to have disregarded the importance of the shale-oil resources of the Commonwealth. We shall be

doing well if we can impress upon the Minister the desirableness of showing the Australian people that in approving this agreement with a British company we are not at all oblivious to the necessity of carefully guarding such oil resources as we possess in order that they may be satisfactorily developed later on. The only word in regard to the dictionary definition of the term "indigenous oil" quoted by the Minister, which might even colourably obviate the necessity for the amendment I have moved, is the word "produced."

Senator PEARCE.—The dictionary definition contains the words "not imported."

Senator BAKHAP.—But oil produced from shale is a secondary product.

Senator PEARCE.—What is the term by which it is known? Is it not crude mineral oil?

Senator BAKHAP.—I do not think so. It is known as shale oil. The result of the first distillation of shale is a product which is radically different from the oil which is pumped up from wells. In view of the important Australian interests which are involved, I ask the Committee, with a certain amount of natural diffidence, to approve of what will certainly not be superfluous and of what will be found to be of great value, namely, a definition of the term "indigenous oil," because it is clearly contemplated that the imported crude oil shall eventually be supplanted by an Australian product.

Senator KEATING (Tasmania) [9.15].—I hardly think this is the place for the insertion of the proposed new clause. The Bill contains really only one effective clause, namely, clause 2. If the Committee inserts a definition such as is now before honorable senators, it will be a definition for the purposes of the Bill. Where we want the definition is in the schedule; that is to say, in the agreement. As has been pointed out by the Minister for Defence (Senator Pearce), there is a paragraph in the agreement which purports to define indigenous oil. When the paragraph comes under the attention of the Committee Senator Bakhap may appropriately move for the definition which he has in view. I support his object. There should be no doubt that an indigenous product such as shale oil shall be ultimately worked, and that it shall not be

forbidden entry into and disposal of at the refinery.

Senator BAKHAP.—In view of what the honorable senator has pointed out, I beg leave to withdraw my proposed new clause.

Amendment, by leave, withdrawn.

The Schedule.

Motion (by Senator GRANT) agreed to—

That the paragraphs and sub-paragraphs be considered seriatim.

Paragraphs 1 and 2 agreed to.

Paragraph 3—

The Oil Company shall take all necessary steps to form and register a Refinery Company with limited liability and subject to the following conditions:—

Sub-paragraph *a* agreed to.

Sub-paragraph *b*—

The Commonwealth shall subscribe for and be allotted two hundred and fifty thousand and one (250,001) shares; the Oil Company shall subscribe for and be allotted two hundred and forty-nine thousand nine hundred and ninety-six (249,996) shares; and nominees of the Oil Company shall subscribe for and be allotted three (3) shares in the Refinery Company.

Senator PRATTEN (New South Wales) [9.30].—I want to know the reason for this very unusual sub-paragraph in this agreement.

Senator PEARCE.—I can save the honorable senator's time by telling him that it is necessary to comply with the Companies Act.

Senator PRATTEN.—It prescribes that the Commonwealth shall subscribe so many shares, the Oil Company so many more, and that nominees of the Oil Company shall be allotted three shares. That is five subscribers altogether. In New South Wales it is necessary for the registration of a company that it shall have a minimum of seven subscribers.

Senator PEARCE.—The company will be registered under the Victorian State law, as the honorable senator will see by referring to the next sub-paragraph.

Senator PRATTEN.—We have not come to the next sub-paragraph yet, but I take it, from the Minister's explanation, that to comply with the Companies Act of Victoria, it is necessary that there should be a minimum of five shareholders.

Senator PEARCE.—Yes, that is the reason.

Senator GRANT (New South Wales) [9.32].—I should like to know if sub-

paragraph *b* is proposed in this form in order that the State of Victoria shall be further subsidized.

The CHAIRMAN (Senator Shannon).—Order! The honorable senator is now dealing with the next sub-paragraph.

Senator GRANT.—I am not referring to sub-paragraph *c*, but to the fact that sub-paragraph *b* provides for the constitution of the company in such a way as to make it mandatory that it shall be registered in Victoria. I should like the sub-paragraph now under consideration to be amended in such a way as to enable the company to be registered in any of the other States.

Senator PEARCE.—I promise to recommend sub-paragraph *b* if, when we come to consider it, sub-paragraph *c* is amended in the way the honorable senator suggests.

Senator PRATTEN (New South Wales) [9.35].—It seems to me that in spite of the assurance we have had that the Oil Company will have full control of all technical and commercial work in connexion with the erection of the refinery and the distribution of the refined oil, sub-paragraph *b* is deliberately designed to bring about a state of affairs that will compel the registration of the company in Victoria. Unless the provision with respect to the allotment of three shares is altered to the allotment of five shares, the company will be unable to be registered in the State of New South Wales. I have yet to learn that the technical experts of the Oil Company, who will be charged with the erection of the refinery, have examined the different States of the Commonwealth to decide upon the most suitable site for its erection. I fear that by passing this and the following sub-paragraph we shall commit the Anglo-Persian Oil Company to the erection of the proposed refinery in Melbourne irrespective of whether the best site for the purpose is to be found here or not.

Senator NEWLAND.—They can erect the refinery where they like.

Senator PRATTEN.—Of course they can; but it is natural that they should register the company in the State in which they erect their works, because they would have to work there under the companies law of that State.

Senator THOMAS.—The Broken Hill mine is registered in Victoria.

Senator PRATTEN.—I raise this point because the Minister for Defence (Senator Pearce) told us in his second-reading speech that one reason why we should give the Bill our approval was that the Anglo-Persian Oil Company would be exclusively charged, through a majority of the directorate, with the technical and commercial working of the agreement. I trust that the Minister will give the Committee an assurance that the registration of the company in Victoria will not necessarily mean that the refinery shall be erected in Victoria until the whole Commonwealth is examined to decide the most suitable site for the purpose.

Senator PEARCE (Western Australia—Minister for Defence) [9.39].—I trust that honorable senators will allow us to get on with the business. I give the assurance that when we come to the sub-paragraph upon which I will be allowed to discuss the matter, if the reasons I give for what is proposed are not considered sufficient, I shall be prepared to recommit the sub-paragraph with which we are now dealing. Let us have the reasons for what is proposed given on the sub-paragraph which really raises the question.

Sub-paragraph agreed to.

Sub-paragraph c—

The Refinery Company shall be incorporated and registered in the State of Victoria within ninety (90) days after the date of the commencement of this Agreement.

Senator PEARCE (Western Australia—Minister for Defence) [9.40].—I should like, if possible, to anticipate the discussion upon this sub-paragraph by giving the reasons for its insertion. Honorable senators are aware that we have no Federal companies law. There are six States in the Commonwealth of Australia, and this company must be registered in one. There are many companies in Australia registered in one State that have works in more than one State. Speaking from memory, I believe that the Broken Hill Proprietary Company is registered in the State of Victoria, but it has steel works in New South Wales, and iron ore works in South Australia. It does not follow at all, nor is it implied, that if this Refinery Company is registered under the Companies Act of Victoria, the works will necessarily be erected in Victoria. Furthermore, at the present time, Melbourne happens to be temporarily the Seat of the Government of the Commonwealth.

As this agreement is one between the Commonwealth Government and the company, it is a matter of convenience to have the Refinery Company registered under the companies law of Victoria for the time being. There is no evil design against Sydney or New South Wales in this proposal, and no invidious selection of the companies law of Victoria in preference to that of any of the other States. It is a matter of convenience that the Refinery Company should be registered in the State in which the Federal Government happens to have its head-quarters.

Senator KEATING (Tasmania) [9.42].—I hardly think that the explanation given by the Minister for the registration of the company in Victoria is sufficient. It is true that the Commonwealth has its Seat of Government at present in Melbourne, in the State of Victoria. But if that is the reason for the registration of this company in Victoria it might not apply with equal force during the whole currency of the agreement, which covers a period of fifteen years. In view of the fact that we have no Federal companies law, I do not think we should indicate by our legislation the companies law of any particular State.

Senator PEARCE.—Does the honorable senator suggest that the company should be registered in the six States?

Senator KEATING.—No. Let it be provided that it shall be registered in one of the States of the Commonwealth.

Senator SENIOR.—Say "in Australia."

Senator KEATING.—That will be sufficient. We could provide that the company shall be incorporated and registered in Australia within ninety days after the date of the commencement of this agreement. I move—

That the words "the State of Victoria" be left out, with the view to insert in lieu thereof the word "Australia".

Senator PEARCE (Western Australia—Minister for Defence) [9.44].—I hope the Committee will not agree to the amendment. If we are to make amendments in the proposed agreement they should surely be amendments of substance. With all deference to Senator Keating, as a lawyer, I doubt whether his amendment has any substance. As a matter of fact, it is impossible to register a company in Australia to-day. Australia means the Commonwealth, and we have no Commonwealth companies law, so that a company to be registered must be

registered in a particular State. I put that forward with diffidence, as a layman, but it seems to me to be common sense. It is proposed that the company should be registered in Victoria, as a matter of convenience, and in order that this business may not be hung up between the heavens and the earth we must do something definite.

Senator BAKHAP (Tasmania) [9.45].

—I am altogether in accord with what the Minister has said. This is a very small matter. If the refinery is going to be of general Australian value and interest, it does not matter much where the company is registered, and with all due deference to Senator Keating's legal knowledge, if we give this general direction, and the company registered itself possibly in another State, a larger number of nominee shareholders would be required by the companies law of that State. There is a considerable diversity in the companies laws of the different States.

Senator KEATING.—There is, and not much to the advantage of the Victorian companies law.

Senator BAKHAP.—Perhaps the honorable senator and myself have suffered from some aspects of the Victorian companies law, and we may not have much respect for it.

Senator KEATING.—It is a great refuge for scoundrels.

Senator BAKHAP.—I do not think that phase of the question has any bearing on the agreement, which sets out that there shall be three nominee shareholders. There are thus to be five shareholders in all—the Commonwealth, the Anglo-Persian Oil Company, and three nominees. This is to comply with the Victorian Companies Act, which evidently provides for a very small minimum as compared with the other States. In that respect it must be advantageous from our standpoint. I do not think the operations of the company will be in any way circumscribed by the fact that it is registered in any particular State. I am very solicitous about conserving the shale interests of Tasmania, but I am not going to take this objection, and I think we shall be well advised to let this feature of the agreement stand as it is.

Senator PRATTEN (New South Wales) [9.47].—I do not know what action, if any, has been taken by the Anglo-Persian

Company about the site for the erection of the refinery.

Senator PEARCE.—It will not be the Anglo-Persian Company, but the Refinery Company.

Senator PRATTEN.—In view of the technical and practical management of the Refinery Company being in the hands of directors nominated by the Anglo-Persian Company, the Anglo-Persian Company will have the selection of the site. I am sure Senator Keating and myself have been thinking that it would not be right for the Committee to prejudice the new company in its establishment of the refinery by acceding to sub-paragraphs *b* and *c*, and if there is any suggestion that the registration of the company in Victoria will carry weight in the direction of establishing the refinery itself in Victoria, irrespective of whether it is the best site in the Commonwealth or not, I should vote to alter those two sub-paragraphs. I hope the Commonwealth and Melbourne vested interests will have nothing to do with choosing the site of the oil refinery, but that we shall give the Anglo-Persian people practically *carte blanche* to put the refinery in the place that they consider best for the future of the Commonwealth.

Senator KEATING.—And they ought to be registered where they think best.

Senator PRATTEN.—That is so; but it may be that, because negotiations have taken place in Melbourne, and the Seat of Government is in Melbourne, this proposal will be a matter of at least temporary convenience. If the Minister for Defence (Senator Pearce) will assure the Committee that no steps have been taken so far to fix the site of the refinery in Melbourne, as against every other place in the Commonwealth, and that it is not the intention of the Government to interfere in any way with the right of the technical and practical experts of the Oil Company to place the refinery where they think best, I shall be satisfied to let the sub-paragraph go.

Senator KEATING (Tasmania) [9.50].—I proposed the amendment seriously, and was a little taken aback when the Minister for Defence (Senator Pearce) pointed out that it might be imprudent to substitute "Australia" for

"Victoria," and suggested that possibly it was not competent to register a company in Australia, as there was no Federal companies law, and that a company could be registered only in a State. I thought my proposal would be more harmonious with the general purpose of the whole agreement. The sub-paragraph refers to the incorporation and registration of a company yet to be formed. That is the Refinery Company, which is to consist of a partnership between a now existing Oil Company and the Commonwealth. The agreement puts an obligation upon that existing Oil Company, which is already incorporated, to register itself forthwith as a company doing business in Australia, to have and maintain at all times a registered office and a representative in Australia to receive service on its behalf of legal processes, &c., and to notify the Commonwealth from time to time, in writing, of the address of such place. It would have been more in harmony with the general purposes and provisions of the measure if we had applied to the company that is to be formed the same conditions as are applicable to the existing Oil Company. That Oil Company will have the option of selecting which State it shall register in and have its registered office in. The like option and discretion should have been given to the Refinery Company.

Senator FOLL.—Is it not essential that the administrative office should be in the State in which the company is registered?

Senator KEATING.—Certainly; but the registered office of the company need not be where the works are carried on. The Broken Hill Company, as the Minister mentioned, has its registered office in Melbourne and has works in New South Wales, South Australia, and Tasmania.

Question.—That the words proposed to be left out be left out (Senator KEATING's amendment)—put. The Committee divided.

Ayes	4
Noes	13
Majority	9

AYES.

Keating, J. H.
Pratten, H. E.
Senior, W.

Teller:
Grant, J.

NOES.

Bakhap, T. J. K.
Bolton, W. K.
Buzacott, R.
Crawford, T. W.
Earle, J.
Fairbairn, G.
Foll, H. S.
Millen, E. D.
Pearce, G. F.
Russell, E. J.
Shannon, J. W.
Thomas, J.
Teller:
de Largie, H.

Question so resolved in the negative.

Amendment negatived.

Senator PRATTEN (New South Wales) [9.56].—Have investigations yet taken place as to where the site of the refinery should be, or has any decision been come to as to where it is proposed to erect it? If so, on whose advice has this been done?

Senator PEARCE (Western Australia—Minister for Defence) [9.57].—Not only has no decision been come to, but the matter has never yet been raised.

Sub-paragraph agreed to.

Sub-paragraph d—

The memorandum and articles of association of the Refinery Company and any alteration thereof shall be subject to the approval of the Commonwealth, and shall provide (*inter alia*)—

- (i) the manner in which, and the times when, capital may be called up;
- (ii) that on any increase of capital the Commonwealth shall be entitled to subscribe so much capital and be allotted so many shares that at all times the Commonwealth will hold a majority in number and value of the shares in the Refinery Company;
- (iii) that of the total number of directors of the Refinery Company (including the managing director, if he has a vote), three-sevenths in number shall be nominated by and represent the Commonwealth and four-sevenths shall be nominated by and represent the Oil Company;

Senator PRATTEN (New South Wales) [9.58].—This deals with matters affecting the memorandum and articles of association. There is nothing said about a voting provision. If the Commonwealth has half the number of shares, plus one, and votes are given in the articles of association according to the number of shares, and if ordinary articles of association are followed out, then clearly, irrespective of whether or not the Anglo-Persian Oil Company, for the time being, has four directors and the Commonwealth only three, the Commonwealth will be able, at the annual meetings of the company, by virtue of its majority shareholding, to displace even Anglo-Persian

directors who do not, in its opinion, play the game. There is nothing in the sub-paragraph regarding the construction of the articles of association so far as the voting power is concerned. I understand that the directors will comprise four Anglo-Persian representatives and three representing the Commonwealth, and if we pass the sub-paragraph in its present form this arrangement will be mandatory, irrespective of our share-holding in the company.

Senator KEATING.—That is to say, in the event of any obnoxious Anglo-Persian directors being thrown out, they would have to be replaced by other Anglo-Persian representatives.

Senator PRATTEN.—That is the point I am coming to. I have no objection to the Anglo-Persian Company, through this majority directorate, controlling the technical and business side of the refinery, but I want to be quite sure that, by virtue of its majority share-holding, the Commonwealth will be able at the annual meetings to deal with the whole of the directorate.

Senator KEATING.—The articles of association might not provide for one share one vote on the directorate.

Senator FAIRBAIRN.—What is the purpose of the Commonwealth holding the extra share?

Senator PRATTEN.—I want to be quite clear upon this point. If, by virtue of our majority share-holding, we shall have some reserve power, which some day we may wish to exercise, the position might be satisfactory; but if, by Statute, the Anglo-Persian Oil Company will have the right to nominate four directors out of seven, and the Commonwealth has no reserve power, I think the paragraph should be amended.

Senator PEARCE (Western Australia—Minister for Defence) [10.4].—If honorable senators will read sub-paragraph *d* they will realize that it is not at all likely the Commonwealth will approve of any whittling away of its power. Sub-paragraph *b* fixes the proportion of directors, and whatever is provided for in the articles of association must be consistent with it. I cannot answer any hypothetical case; but I do say that, subject to the limitations or restrictions expressly set out in this paragraph of the agreement, the Commonwealth will have all the powers exercised by ordinary shareholders of a company.

Senator GRANT (New South Wales) [10.5].—Sub-paragraph *d* (iii) deals with the number of directors and sub-paragraph *b* with the number of shares to be held by the Commonwealth and the Anglo-Persian Oil Company respectively. It appears that the position of ordinary shareholders in regard to representation on the directorate is completely reversed, because the Commonwealth, representing the people of Australia, though holding a majority of the shares will have a minority of representation on the directorate. I am not prepared to support a proposal of that kind. The Commonwealth should have four-sevenths on the directorate and the balance of the shareholders three-sevenths.

Senator BAKHAP.—But the Commonwealth has complete power of veto in regard to five important matters.

Senator GRANT.—The Commonwealth would, in my opinion, have a more complete power of veto if we had proper representation on the directorate.

Senator KEATING.—The majority of the shares carry a minority of the directors.

Senator GRANT.—That is so. I move—

That the word "three," in sub-paragraph *d* (iii), be left out, with a view to insert in lieu thereof the word "four."

Senator BAKHAP.—Can the honorable senator mention any other company in which there is such complete power of veto on the action of the directors?

Senator GRANT.—The articles of association of companies differ very considerably. I do not know of any company established on lines similar to the proposed Refinery Company, but I am perfectly safe in assuming that the honorable senator himself would not entertain the idea of minority representation on a directorate of a company in which he held the majority of the shares.

Senator BAKHAP.—I would not mind minority representation if I had the power of veto over the action of the board.

Senator GRANT.—The Commonwealth will have power of veto only in respect to certain matters.

Senator BAKHAP.—But they are very important.

Senator GRANT.—It is doubtful if they are. It appears to me that this agreement is on all-fours with that

Nauru Island arrangement under which we are paying £3,000,000 for nothing.

Senator FAIRBAIRN (Victoria) [10.11].—I remind honorable senators that this is not a commercial company, as usually understood, but an arrangement entered into for convenience. It is, in essence, a bargain between the Commonwealth Government, on the one hand, and the Anglo-Persian Oil Company, on the other, and I doubt very much whether there will be anything but a technical meeting of shareholders, because the representatives will have to vote in a particular way. We have to consider the reasons for this apparent anomaly in regard to the directorate. The company, I assume, pointed out that the Commonwealth did not know anything about the development of oil resources and that the company had all the knowledge and experience, so it was essential that there should be no interference by Government representatives on the directorate with the proper and scientific working of the business. To insure this they asked probably for a majority of representation on the board.

Senator PEARCE.—On the management side.

Senator FAIRBAIRN.—That is so. I assume that the Commonwealth, represented by the Prime Minister I suppose, said, in effect, "That is all very well, but it will be giving you control of the company; so we must have the veto power in respect of certain matters." In the light of these probabilities the agreement seems to me to be a perfectly reasonable arrangement. I do not think the Anglo-Persian Oil Company would have entered into the agreement if there was any danger of their management on the business side being interfered with.

Senator GRANT.—As a matter of fact, the Government nominees on the board are superfluous.

Senator FAIRBAIRN.—No. I think they may very well attend the directors' meetings and report to the Commonwealth Government when it should exercise its power of veto. That is the only possible way in which the agreement can be carried out.

Amendment negatived.

Sub-paragraph agreed to.

Remaining sub-paragraphs of paragraph 3 agreed to.

Paragraph 4.

Senator GRANT (New South Wales) [10.17].—I ask the Minister whether this paragraph will cover shale oil? Various definitions are contained in the Bill, and there is a difference between "indigenous oil" and other classes of oil.

Senator PEARCE.—I will deal with "indigenous oil" when paragraph 7 is under consideration.

Paragraph agreed to.

Paragraph 5—

The technical and commercial management of the Refinery Company shall be left entirely in the hands of the Refinery Company.

Senator EARLE (Tasmania) [10.18].—I move—

That the words "and commercial" be left out.

I am of opinion that the inclusion of those words will nullify the sub-paragraphs to which we have previously agreed, and under which the Commonwealth will be given complete control over quite a number of the activities of the Refinery Company. The expression "technical and commercial management" will cover the entire operations of that company. I cannot imagine anything connected with those operations which will not be included in such a comprehensive expression. If we are going to leave the technical and commercial management of the Refinery Company entirely in the hands of that company, the Commonwealth representatives upon the board of directors will have absolutely no power.

Senator PEARCE (Western Australia—Minister for Defence) [10.19].—I hope that the honorable senator will not press the amendment. In my judgment it is an entirely unnecessary one. There is just as much reason why the commercial management of this concern should be left to the Refinery Company, as there is why its technical management should be left to that company. The whole agreement stands, and no part of it nullifies another part.

Senator THOMAS.—I take it that we are not going to give the company more power than we have vested in the Governor of the Commonwealth Bank.

Senator PEARCE.—No. In this paragraph we lay down the policy embodied in the agreement, and subservient to that

policy we vest the commercial management in the Refinery Company of which the Commonwealth forms a part.

Senator BAKHAP.—Does the Minister think that there is no possibility of a conflict between the sub-paragraphs of paragraph 3, and the words “commercial management” contained in this paragraph?

Senator PEARCE.—The honorable senator appears to be fighting a shadow. What is the Refinery Company? It is a company in which the Commonwealth will own more than one-half the shares. If we are not going to leave the technical and commercial management of the concern in its hands, in whose hands shall we leave it? The clause does not mean, as some honorable senators appear to think, that the Anglo-Persian Oil Company is to be given the commercial management of the Refinery Company.

Senator GRANT.—But that company will possess four-sevenths of the voting power on the directorate.

Senator PEARCE.—We have already decided that question, and there is good reason why the company should have four directors on the board. Instead of selling the oil through the medium of the Customs Department, we shall sell it through the medium of the Refinery Company.

Senator GRANT (New South Wales) [10.22].—The Minister has entirely misrepresented the position. He has stated that the Commonwealth will hold a majority of the shares in the Refinery Company, but he has quite ignored the fact that it will not have a majority of the directors.

The CHAIRMAN (Senator Shannon).—Order! That matter has already been decided by the Committee.

Senator GRANT.—The Minister was allowed to refer to it. As a matter of fact, he has quite misrepresented the position. The Commonwealth will not control the operations of the Refinery Company. The Persian Oil Company will have a majority of directors on the board, and consequently the technical and commercial control of the Refinery Company will be entirely in its hands.

Amendment negatived; paragraph agreed to.

Paragraph 6 agreed to.

Paragraph 7—

For the purposes of this agreement the term “indigenous oil” shall mean crude mineral oil obtained in the Commonwealth of Australia or in any territory of or under the authority of the Commonwealth, or in any place over which the Commonwealth has a mandate.

Senator BAKHAP (Tasmania) [10.25].

—I think that a clear and unmistakable definition of the term “indigenous oil” is most important. Consequently I move—

That the word “obtained” be left out with a view to insert in lieu thereof the words “which has been produced from shale or any other source.”

Progress reported.

Senate adjourned at 10.27 p.m.

House of Representatives.

Wednesday, 19 May, 1920.

Mr. SPEAKER (Hon. W. Elliot Johnson) took the chair at 2.30 p.m., and read prayers.

TRANSPORT OF FODDER:

ASSISTANCE TO NEW SOUTH WALES.

Dr. EARLE PAGE (Cowper) [2.31].—I desire to make a short statement on a matter of urgent public importance. (*Leave granted.*) As honorable members are aware, New South Wales is at present in a desperate plight by reason of the drought there. This morning I received the following telegram and letter from the secretary to the Producers Associations Central Council of New South Wales, which I shall read:—

Telegram—

Producers Associations Central Council, by deputation, has urged State Government secure supplies fodder for starving stock, reports show fodder available other States, but shipping unprocurable. Minister Agriculture states repeated applications Federal Government for allocation Federal steamers have elicited no response, matter vital importance, producers hope Country party will press for allocation steamers for carriage fodder.

Letter—

I have to confirm my telegram of to-day's date.

Representatives from this Council and the Graziers Association waited upon the Minister

for Agriculture yesterday, and strongly urged that supplies of fodder should be secured from the other States for the purpose of feeding starving stock, as practically the whole of New South Wales is in a desperate position through the long-continued drought.

The Minister was entirely sympathetic and the Government has already been endeavouring to secure supplies of fodder and to assist farmers and small graziers in their extreme need, but the chief difficulty has been found to be that of securing the necessary shipping space for fodder supplies from Melbourne, Adelaide, and Perth. Reports show that shippers do not like carrying chaff and other fodder, as other cargo is more payable, and I am informed that only three steamers have lifted supplies from Adelaide this year, with the exception of one or two very small consignments, notwithstanding that large supplies are in store at Port Adelaide, and cutters are anxious to operate if shipping space can be secured.

Captain Dunn, the Minister for Agriculture, stated that he had several times communicated with the Federal Government urging that some of the Commonwealth steamers should at once be made available for carriage of fodder, but that no reply has been received.

I am informed that, from Geelong to Winchelsea, and from Geelong to Maroona, the stations are piled high with fodder awaiting transport. If this fodder could be made available in New South Wales, immediately, thousands of head of stock might be saved. I urge the Government to at once give effect to the recommendations contained in the interim report of the Select Committee which is inquiring into the Sea Carriage of Goods, and which has suggested that the Government should make its own ships available to relieve the distress. Evidence shows that while stock is starving in New South Wales and elsewhere, fodder stocks are congested in other States, because of the shortage of shipping.

Mr. PARKER MOLONEY (Hume) [2.33].—I would like permission to make a statement supplementing that of the honorable member for Cowper.

Mr. AUSTIN CHAPMAN.—And I should like to make a statement, too.

Mr. SPEAKER.—This procedure is unusual and irregular. I think that it has never happened before that a private member has risen at the beginning of a sitting and asked leave of the House to make a statement. Permission to make statements is usually granted by courtesy to Ministers when they desire to make important announcements concerning some special matter of public policy or concern, but it is an innovation

for a private member to request leave to make statements. However, such leave having been granted to one private member, I cannot do less than ask the House whether it will give the same privilege to another private member who asks for it. Still, I must point out that this procedure leaves it open to every private member to ask for leave, and, thus, the way would be open to set the rules of debate at naught. Of course, should any one member object, his single objection would be fatal. I ask the House if it is their pleasure that the honorable member for Hume have leave to make a statement? (*Leave granted*).

Mr. PARKER MOLONEY.—Before the honorable member for Cowper rose, I was considering what course to take to bring this matter before the House. I have here facts and figures relating to it which I have been considering for some time, and when in Sydney, at the end of last week, I saw there the New South Wales Minister for Agriculture, and he put before me facts that I considered so serious that I intended to move the adjournment to-morrow to allow them to be discussed. I had to leave the matter over until to-morrow, because, to-day, I was engaged on the Public Works Committee. I am very pleased that the honorable member for Cowper (Dr. Earle Page) has called attention to the position, and am grateful to honorable members for having given me the opportunity to add to his remarks. I shall not abuse the privilege by speaking at any length. I wish to emphasize the fact that the position in New South Wales is desperate, but the State Minister for Agriculture tells me that if they could obtain the services of three Commonwealth steamers to carry fodder to New South Wales, the State would be saved. They have already purchased fodder, but it is lying in Western Australia and South Australia.

Mr. PROWSE.—There are 60,000 tons in Western Australia awaiting transport.

Mr. PARKER MOLONEY.—I understand that that is so. I am not exaggerating one iota when I say that I know personally of hundreds of families that will have to leave their holdings, and will be practically ruined, if the Commonwealth steamers cannot be obtained for the transporting of this produce. I need not remind the Prime Minister that the people

of New South Wales are citizens of the Commonwealth, and I have a suggestion to make which goes a little further than the asking for the use of three Commonwealth steamers. I am interested in this matter, not only because I am the representative of a New South Wales constituency, but also because I am a member of the Commonwealth Parliament, and know that the whole Commonwealth will suffer if thousands of families in New South Wales are ruined. I submit my suggestion for what it is worth, and I sincerely hope that the Prime Minister will, under the circumstances, give it sympathetic consideration. The New South Wales Government is endeavouring to raise a loan of £2,000,000.

Mr. FLEMING.—Of which £1,000,000 only is to be spent in the country and £1,000,000 in the city.

Mr. PARKER MOLONEY.—The proposal is to spend £1,000,000 in the country on relieving the farmers, and £1,000,000 on the construction of silos, so the whole of it is for the country. If, in addition to lending the necessary vessels, the Commonwealth Government could see its way to give some financial assistance to New South Wales, here is the opportunity. It could assist the State by subscribing to this loan, and by so doing give an impetus to private subscription. If the Commonwealth Government invested £100,000 in the loan, it would draw the attention of the people of New South Wales, and the whole of Australia, to the fact that the whole Commonwealth, and not merely New South Wales, is concerned in the present position of affairs, and that that position is very serious. Those who are able to subscribe to the loan would probably do so if they knew that the Commonwealth Government was investing in it, and that would make the loan a success. I should have liked the Acting Treasurer (Sir Joseph Cook) to be here; but, as the subject is of the utmost importance, I take the earliest opportunity to call attention to it. I know of places in New South Wales which show the desperate straits to which people are being put, inasmuch as they are collecting manure, putting it through a sieve, and making it fit for feeding starving stock. Long ago they have cut their trees down, and in some places the ground is as bare as the floor

of this chamber—veritable dust heaps, with not a vestige of vegetation. From all over New South Wales, I get a bundle of letters every day describing the state of affairs, and the conditions are so heart-breaking that I cannot find words to describe them. I do not wish to abuse the privilege extended to me by making a long statement, but things are so serious that something must be done at once. If three ships could be provided straightway, there would be means of bringing fodder to New South Wales; and could financial assistance be given to the sufferers who are losing their stock in thousands, much good would be done, and the Commonwealth should not shirk this duty.

Mr. HUGHES (Bendigo—Prime Minister and Attorney-General) [2.43].—(*By leave*).—I wish that the honorable member who has raised this question had given me some notice. A matter that concerns the welfare and even the life and death of so many persons—if we are to believe the honorable member, and I do believe him—is surely one that calls for notice to the responsible Minister, or other mouthpiece of the Government, in order that he may inform his mind and come down to the House with all the facts at his disposal. This lack of notice has been observable once or twice; honorable members have moved the formal adjournment of the House, and have not even thought fit to give the Minister concerned notice of their intention.

Mr. McWILLIAMS.—We did inform the Government Whip.

Mr. HUGHES.—However, failing that notice, I can only speak generally, and on the spur of the moment. Yesterday, I think, and on one day last week, this matter was raised by honorable members, not in relation to fodder, but in relation to coal; and I then said that I would do whatever was possible to make Commonwealth vessels available. I said then that I believed—and I believe now—that four Commonwealth vessels are engaged in work that may be called coastal work. I also said, what is very obvious, that the Commonwealth vessels are scattered all over the waters that surround the earth. Those vessels have their engagements when they come to those shores; and, therefore, it is not by merely waving one's hand that one makes

three or four available. I did not need what the honorable member for Hume (Mr. Parker Moloney) has said to make me appreciate to the full the lamentable state in which a great deal of this Commonwealth finds itself, particularly in the States of Queensland and New South Wales. It is the duty of the Commonwealth to do all things within its power to come to the assistance of those who, unless they are assisted by us, or unless nature sends rain, are utterly undone; indeed, rain would not save them now, and we must have fodder. However, I can say by way of direct reply, that I shall see Mr. Eva as soon as I am able to do so this afternoon. I shall ascertain what vessels of our fleet in Australian waters are available, whether they are laden with inward or outward cargo. Of course, those laden with outward cargo are not available—vessels outside our own waters are not available—but we shall see what are. I give the House the assurance that I shall not allow ordinary obstacles to stand in the road of making vessels available for the purpose.

Just one word about the suggestion of the honorable member for Hume that we should contribute to the loan which is being raised in the State of New South Wales. That is a matter of quite a different kind; and I can only say that, while the Government will give it every consideration at the earliest possible moment, I must not, by any word of mine, be held to commit the Government in that direction.

Mr. SPEAKER (Hon. W. Elliot Johnson).—I think it only right to say, at this juncture, that I hope this is the last time we shall have such a procedure as this adopted in the House. The course taken is contrary altogether to our own established procedure, and contrary to all my reading of the practice of Parliament. I, therefore, do not propose to take it as a precedent for the adoption of a similar course in the future; and honorable members, no doubt, see the reason. While it is usual to accord the Prime Minister, or a Minister in charge of some important matter, the opportunity to make a statement, by leave of the House, as a courteous concession, I have never so far as my memory serves me in this or any other Parliament, known the courtesy to be sought by, or granted to, any private

member, except, perhaps, the Leader of the Opposition, who, on some occasions, has asked, and been granted, leave of the House to make a statement in reply to one already made.

Mr. MAHONY.—This matter is urgent.

Mr. SPEAKER.—I am coming to that. The result of the procedure that has been adopted to-day is to involve the House in an irregular debate, with no question before the Chair. Any extremely urgent matter may be dealt with on a motion for the formal adjournment of the House; and then, of course, there is a question before the Chair. The matter that has now been brought under notice could have been raised and debated on the very first Order of the Day, namely, Supply. I only call the attention of the House to this breach of our ordinary procedure, and on the House the responsibility rests. I express the hope that such a course will not be resorted to on any other occasion.

COMMITTEE OF PUBLIC ACCOUNTS BILL.

Motion (by Mr. HUGHES), *by leave*, agreed to—

That leave be given to bring in a Bill for an Act to amend the Committee of Public Accounts Act 1913 and for other purposes.

Bill presented, and (on motion by Mr. HUGHES) read a first time.

WAR SERVICE HOMES.

DELAYED PAYMENTS TO TIMBER SUPPLIERS.

Mr. WATKINS.—Is the Minister representing the Minister for Repatriation aware that timber suppliers in one part of New South Wales have had to wait so long for money due to them from the Department controlling war-service homes, after accounts have been sent in, that it is possible that quite a number of men and teams will be thrown out of work before long? Will the Minister have the matter looked into, in order to see if more expedition cannot be put into the payment of the accounts?

Mr. POYNTON.—The honorable member would greatly facilitate matters if he were to furnish me with the names of parties who have had to wait so long for payment of their accounts. I will

undertake to do all that is possible to have the matter attended to.

SHORTAGE OF COAL SUPPLIES.

Mr. TUDOR.—I desire to ask a question in connexion with the coal difficulty, not only in the interests of this State, but of others as well. What is the exact position of the Coal Board to-day? Will it be possible for householders in this State, at any rate, to secure household coal this winter?

Sir JOSEPH COOK.—I wish the honorable member had let me know that it was his intention to ask this question, for this reason: while he is clamouring—and rightly so—for more coal for householders, other people are clamouring for coal for essential industries. I can only repeat what I have said so often before, namely, that the coal is not here. If any honorable member can suggest or devise means of getting more coal to go round, it will be a much more practical procedure for them to furnish the Government with their propositions rather than be asking all the time which section of the community is to get the little coal that is available. Honorable members see every day what is taking place in other States. Tasmania wants coal. The Premier of that State has even gone the length of suggesting what we ought to do to give Tasmania coal; and the same kind of thing has occurred in South Australia. I am now proposing to let the State authorities carry out their own ideas to see if they can do any better than we have been able to do.

Mr. WEST.—I will show you how to get over the trouble. Become Socialists, and have your own fleet of steamers travelling around the coasts, just as you have your own trains running around them.

Sir JOSEPH COOK.—When the wind blows in from the west, we have to wait until it passes over. However, now that the sirocco has subsided, I wish to say that I desire most heartily to answer favorably all the questions put to me in this direction. We are doing the best we can. We have to solve the question of giving people a full ton of coal when there is only half a ton at our disposal. That states the case in a nutshell. The problem is to get more coal. I do not

think it helps matters to do what some of our journals are doing this morning, namely, to abuse men who have given their whole time and talents to this problem without fee or reward, and who have toiled with a devotion which I have rarely seen equalled. All they get is the abuse of some of the press.

Mr. RILEY.—No one takes any notice of the press.

Sir JOSEPH COOK.—I do not agree; they do take notice. That is why I speak as I do. The conduct of this section of the press transgresses every rule of fairness, and I hope it will stop. I may say, in conclusion, that I hope soon to confer with the State Premiers in the hope that we may solve the coal problem and arrange something mutually satisfactory.

NEW SOUTH WALES LOAN.

Mr. BOWDEN.—I desire to ask a question concerning the £2,000,000 loan which is being floated by the State Government of New South Wales, and which has been advertised as being free of Federal and State income tax. Have any arrangements been made with the Commonwealth Treasury in the matter of this loan being exempt from Federal income taxation?

Sir JOSEPH COOK.—I know nothing of the matter except what I have seen in the press. Certainly, no arrangements have been made with the Commonwealth Government. Indeed, no arrangement of the kind indicated is possible. The New South Wales Government has acted entirely on its own initiative, and what steps it proposes to take to relieve subscribers from Federal income tax I do not pretend to know. I take it that it is going to pay the Federal income tax for its subscribers. At any rate, I know nothing to the contrary.

MORATORIUM.

Mr. PARKER MOLONEY.—Has the Prime Minister come to any decision regarding the moratorium? Is it proposed to extend it?

Mr. HUGHES.—There is a saying with which the honorable member must be very familiar, namely, *morituri te salutamus*. That is the only answer I can think of at this stage.

PRINCE OF WALES' VISIT.

Mr. AUSTIN CHAPMAN.—Who is responsible for the arrangements for the visit of the Prince of Wales to the Naval College, Jervis Bay, and to Canberra?

Mr. POYNTON.—I am responsible for the arrangements at Canberra. I have nothing to do with the Naval College.

ELECTORAL PROSECUTION.

Dr. MALONEY.—Has the Minister for Home and Territories any further information, as promised, regarding the matter of the prosecution of Mr. Morley, a barrister, for having broken the electoral law at the general elections in December last?

Mr. POYNTON.—I have no further information at hand, but will try to obtain it for the honorable member.

NORTHERN TERRITORY.

REPORT OF ROYAL COMMISSION.

Mr. CONSIDINE.—When is it proposed to give this House an opportunity to discuss the report of the Royal Commission upon the Northern Territory?

Mr. HUGHES.—An opportunity will be afforded—I thought that the report would have been on the table of the House at this moment. At any rate, I will see that it is laid on the table. I have not had an opportunity to look at it carefully myself, but it has been discussed, and the Government has come to some decision on the matter. The honorable member can discuss the topic, if he desires, this afternoon in connexion with the Estimates.

Mr. CONSIDINE.—Yes, but without the report.

POST AND TELEGRAPH DEPARTMENT.

ECONOMIES: TELEPHONE BOOKS—ARBITRATION CASES: A "COST OF LIVING" BONUS.

Dr. MALONEY asked the Postmaster-General, *upon notice*—

1. Has he given any effect to the reports as to the special savings in the Postal Department by (a) Mr. (now Sir) Robert Anderson's report; and (b) the Economies Commission's report?

2. If not, when does the Minister propose to give effect to such recommendations, and to what extent?

3. What is the cost of printing the telephone books in each State per annum for the last five years?

4. What revenue has been received from advertisements in connexion with the telephone lists?

5. What is the policy of the Department as regards receiving advertisements in connexion with telephone books in each State?

6. What reasonable economies are possible in connexion with the printing of such books?

7. Have any reports been made by departmental telephone managers in any States in connexion with the economies for printing such books?

8. Will the Department have printed, for the information of members, any reports on the savings there effected?

Mr. WISE.—The answers to the honorable member's questions are as follows:—

1 and 2. Mr. (now Sir Robert) Anderson's report was made in July, 1915. I became Postmaster-General in February, 1920, so that the duty of dealing with that report did not devolve upon me, and conditions have entirely changed in the meanwhile. The recommendation in the report dealt with the wiping out of a deficit of £501,456, which it was proposed to meet by decreasing staff in the first year to the extent of £120,000, and increasing rates, &c., to the extent of £384,000. From a perusal of the departmental balance-sheets for the past two years, it will be seen that that deficit has been converted by the Department into a surplus of £387,381 for 1917-1918, and £524,644 for 1918-1919, notwithstanding an increase of over £1,000,000 in salaries under awards of the Arbitration Court during the period 1915-1919. Viewing the above figures, and taking into account the increase of 38 per cent. in the revenue, and the large increase in the business of the Department, it will be apparent that Sir Robert Anderson must have based his suggestion for a permanent reduction of the staff on erroneous information. So far as the Economy Commission is concerned, the bulk of their estimated savings appears to me to be arrived at on what I regard as a wrong basis. However, their principal recommendation is that the Department be managed by a Commission, and obviously action by the Government on that question must precede any steps in regard to matters of detail.

3. Inquiries are being made.

4. No revenue is received from advertisements, as advertisements are not printed in the telephone lists, excepting for repatriation purposes.

5. The question of advertising in the telephone list has been considered from time to time by the Department, and tenders were invited for the rights to advertise in the publication referred to; but the offers received were so unremunerative that it was decided not to proceed with the matter.

6. Reduction of subscribers' entries to one line, deletion from country lists of information regarding trunk line stations and charges,

deletion from main metropolitan lists of particulars regarding public telephones. These are under consideration.

7. Yes.

8. It is not usual, and the expenditure would not be justified. If the honorable member wishes to see them, I shall be pleased to let him do so when they have been dealt with.

Mr. RILEY (for Mr. BLAKELEY) asked the Postmaster-General, *upon notice*—

1. Is it a fact that the majority of the Public Service organizations have lodged applications for hearing by the Arbitration Court for the repeal of the "cost of living" bonuses and the merging of such bonuses into permanent salary?

2. Is it a fact that the said applications relating to the principle that shall govern salaries is similar to the application lodged by the Australian Letter Carriers Association, and which was granted by the Arbitration Court?

3. Is it a fact that all such applications must be dealt with by the Court before it can be ascertained whether the principle governing the salaries of members of the Australian Letter Carriers Association will not be granted to all other organizations?

4. Does the Postmaster-General agree that the proper time to lodge a variation such as was lodged by the Acting Public Service Commissioner relative to the letter carriers' award is when the applications of all the other organizations have been dealt with and finalized by the Arbitration Court, and when such award is not in accord with the principle that governs the salaries of the members of the Australian Letter Carriers Association award?

Mr. WISE.—The answers to the honorable member's questions are as follows:—

1 and 2. Yes.

3. Not so far as I am aware.

4. It is not usual for Ministers to answer questions affecting the merits of cases awaiting action by the Courts.

AEROPLANE BUILDING.

Dr. MALONEY asked the Minister representing the Minister for Defence, *upon notice*—

1. Is it a fact that the expert requisitioned from the British Government by the Commonwealth Government to advise the Commonwealth on the establishment in Australia of a complete equipment for the manufacture of aeroplanes, &c., for defence purposes, is about to return to England, after having made an elaborate report on the subject?

2. Has the Minister or any member of the Defence Department conferred with the expert on his report?

3. What has become of the report, and will it be printed for the information of members?

4. What is the name of the expert, and how long has he been in Australia?

5. Does the Government consider it wise to allow this eminent expert to leave Australia, if his services may be secured in a permanent capacity?

Sir GRANVILLE RYRIE. — The answers to the honorable member's questions are as follow:—

1. In January, 1919, the general manager of the Arsenal was instructed by the Minister for Defence to conduct inquiries into the raw material position, and the manufacture of articles in Australia for aircraft production. The officer temporarily engaged to conduct the inquiry has completed the report, and left the service of the Department.

2. The report has been carefully considered by the Minister and the officers of the air services. General Legge conferred with the general manager of the Arsenal and the inquiry officer.

3. The report is in the technical records of the Department. It is largely a selection of printed British specifications, with relative notes on the ability of Australian industry to meet them. It is not intended to print the report; but there is no objection to it being seen by any member interested in the subject.

4. Mr. F. T. Small, an Australian munition worker, who served with the Aircraft Production Department in London for one year and eight months. He reported in Melbourne for duty on 24th March, 1919; and left the service of the Department on 1st May, 1920.

5. Mr. Small has completed the task for which he was engaged by the Department.

PAPUA.

WHITE POPULATION.

Mr. McWILLIAMS asked the Minister for Home and Territories, *upon notice*—

What was the number of the white population in Papua in 1910 and during successive years to date?

Mr. POYNTON.—The figures are as follow:—

White Population.—30th June, 1910, 879; 30th June, 1911, 1,032; 30th June, 1912, 1,064; 30th June, 1913, 1,219; 30th June, 1914, 1,186; 30th June, 1915, 1,037; 30th June, 1916, 992; 30th June, 1917, 1,036; 30th June, 1918, 962; 30th June, 1919, 1,007.

WENTWORTH PARK.

REMOVAL OF WOOL STORES.

Mr. RILEY (for Mr. RYAN) asked the Prime Minister, *upon notice*—

Will the Government, in order to provide for the urgent necessity of making Wentworth Park again available for the people of the surrounding congested areas, remove the unsightly wool stores erected thereon, and which,

it is alleged, were required for temporary purposes during the war?

Mr. HUGHES.—I shall look into the matter.

GERMAN NEW GUINEA.

PLANTATIONS HELD BY GERMANS.

Mr. McWILLIAMS asked the Prime Minister, *upon notice*—

1. Have the possessions formerly owned by Germans in German New Guinea been confiscated?

2. Are the rubber and cocoanut plantations being cultivated?

3. What is the actual position of such properties?

Mr. HUGHES.—The answers to the honorable member's questions are as follows:—

1. No.

2. Yes.

3. So far, there has been no change in regard to the position of such properties. The matter is receiving close attention.

BROKEN HILL RETURNED SOLDIERS.

Mr. CONSIDINE asked the Minister representing the Minister for Repatriation, *upon notice*—

1. Is it a fact that a strike is at present in existence between the members of the Barrier district of the Coal and Shale Employees Federation and the mining companies of Broken Hill, and that many returned soldiers are members of that union?

2. Is it a fact that under the law of New South Wales employers are compelled to offer employment to their former employees who have returned from the war, or render themselves liable to a fine of £100?

3. Is it a fact that a number of these men were instructed by the local repatriation authority to make application for employment on certain mines in Broken Hill, and have been refused their sustentation allowance by the local repatriation official because they declined to act as strike breakers?

4. If so, will the Minister give instructions that these men have their sustentation allowance restored at once?

Mr. POYNTON.—The answers to the honorable member's questions are as follows:—

1. Yes, a strike is in existence. Though it is reasonable to suppose that the membership of the union includes many returned soldiers, the Department has no definite information upon this point.

2. Yes.

3. Inquiries are being made, and the honorable member will be informed as soon as they are completed.

4. See No. 3.

DEFENCE DEPARTMENT.

PAY OF ARMY SERVICE CORPS—PURCHASE OF BROADMEADOWS AND SEYMOUR CAMP SITES—LIFE INSURANCE PREMIUMS.

Mr. RILEY (for Mr. RYAN) asked the Minister representing the Minister for Defence, *upon notice*—

1. Is it a fact that members of the Army Service Corps, Home Service Unit, are not receiving a salary equivalent to that laid down as the minimum wage in New South Wales?

2. If so, will the Minister have the wages of these men increased, in order that their salary shall be equivalent to such minimum wage?

Sir GRANVILLE RYRIE.—The answers to the honorable member's questions are as follows:—

1. Members of the Home Service, Army Service Corps, in New South Wales are receiving the rate of pay prescribed for members of the Australian Imperial Force prior to their embarkation for service abroad, and, in addition, they are entitled to free uniform and upkeep of uniform, medical attendance, rations, &c. Married men are also entitled to separation allowance, which, when added to their pay, and after making allowance for rations, will give them a total weekly rate as under, in addition to upkeep of uniform, free medical attendance, &c.—

For himself and wife, 60s. per week.

For himself, wife, and one child under sixteen years, 70s. per week.

For himself, wife, and two children under sixteen years, 77s. 6d. per week.

For himself, wife, and three children under sixteen years, 82s. 6d. per week.

For each additional child, 5s. per week.

It is understood that the basic wage of £3 17s. per week in New South Wales was based on the needs of a family consisting of the parents and three dependent children. Under the above scale, the rate for a married member of the Australian Imperial Force, Home Service, with a wife and three children, would be 82s. 6d. per week in cash, or kind, in addition to free medical attendance for himself and free issues and upkeep of uniform.

2. It is not proposed to vary the rates of pay for the Home Service, Australian Army Service Corps.

Mr. FENTON asked the Minister representing the Minister for Defence, *upon notice*—

1. Whether the Government has purchased the camp site at Broadmeadows; and, if so, what price was paid?

2. If purchased, what does the Department intend to do with the Broadmeadows Camp and the expensive buildings erected thereon?

3. Has the Government purchased the Seymour Camp?

4. If so, what area has been secured, and what price was paid for the land?

Sir GRANVILLE RYRIE. — The answers to the honorable member's questions are as follow:—

1. Yes; 142 acres and house, at £4,450.
2. The decision as to the disposal of Broadmeadows site and the buildings thereon is deferred until the military policy of the Government is further elaborated.
3. Yes.
4. Seven hundred and eighty-five acres at £4,400.

Mr. STORY (for Mr. KERBY) asked the Minister representing the Minister for Defence, *upon notice*—

1. Whether differential treatment *re* refund of life assurance premiums is being meted out to warrant officers and non-commissioned officers of the Permanent Forces who have been members of the Australian Imperial Force?
2. If so, will he take steps to insure that all members of the Permanent Forces be put on the same footing, and those who insured their lives, either prior to or during the war, shall receive a refund of their premiums up to the amount of £500 assurance?

Sir GRANVILLE RYRIE. — The answer to the honorable member's questions is as follows:—

Premiums on policies, up to £600, in favour of Commonwealth Governments servants, including all members of the Permanent Forces, who have served abroad with the Australian Imperial Force, are paid only in cases where the policy is effected prior to the commencement of the war. In the cases of officers serving under the Commonwealth Public Service Act, and who, on account of promotion, are compelled to increase the amount of their life assurance, payment of the premiums on policies thus effected is made. The instructions in this matter are common to all Departments, and the question of the honorable member will be brought under the notice of the Right Honorable the Acting Treasurer.

COMMONWEALTH COURTS.

ACCOMMODATION IN MELBOURNE.

Mr. STORY (for Mr. HECTOR LAMOND) asked the Attorney-General, *upon notice*—

1. Whether the Government contemplates the erection in Melbourne of offices for the High Court and the Arbitration Court?
2. If so, will the proposals be submitted to Parliament before any commitments are made?

Mr. HUGHES.—The answers to the honorable member's questions are as follow:—

1. The matter is under consideration, as the present accommodation is inadequate.
2. The question of submission to Parliament will be considered when the amount of expenditure involved is ascertained.

MOTOR SPIRIT.

Mr. FENTON asked the Prime Minister, *upon notice*—

1. Whether he will take steps to encourage the production of power alcohol and benzol in Australia?
2. Is it a fact that the British Government have taken steps to encourage the production of motor spirit?
3. Will he also urge upon the Premiers of the various States the necessity of encouraging the production of power alcohol and benzol?

Mr. HUGHES.—The answers to the honorable member's questions are as follow:—

1. Yes.
2. I am not aware.
3. Yes.

LOAN FLOTATIONS.

Mr. WEST asked the Prime Minister, *upon notice*—

Will the Government ask the Right Honorable William Watt, the Commonwealth Treasurer, not to negotiate for nor contract any loans on behalf of the Commonwealth Government during his present visit to the outside world?

Mr. HUGHES.—No.

PRIZE MONEY.

Mr. NICHOLLS asked the Minister for the Navy, *upon notice*—

1. Whether he will inform the House as to the amount of prize salvage paid for the capture of the s.s. *Zambesi*?
2. Was the money distributed among the officers and crew of the *Encounter*?
3. If so, in what proportion?
4. Did other ships of the Australian Navy get a share?
5. Was the s.s. *Zambesi* sold; if so, to whom?
6. Was the prize money of all naval ships pooled?
7. Was the prize money for ships captured by the Australian Navy pooled separately from ships captured by the Royal Navy?

Sir JOSEPH COOK. — The answers to the honorable member's questions are as follow:—

1. The total amount paid by the owners for the recapture of the *Zambesi* was £2,549 17s. 1d.
2. The sum distributed among the officers and men of H.M.A.S. *Encounter* was £2,345 18s. 9d., a proportion having to be paid into Naval Prize Fund.
3. The distribution was made in accordance with the proportions laid down under the Naval Prize Act 1864.
4. No.

5. The *Zambesi* was returned to her British owners.

6. Yes. Prize money (as distinct from salvage) is, under the Prize Act of 1915, pooled.

7. No.

PUBLIC SERVICE.

SUPERANNUATION SCHEME.

Mr. BLUNDELL asked the Prime Minister, *upon notice*—

Whether it is the intention of the Government to introduce a Bill this session providing a superannuation scheme for the Public Service?

Mr. HUGHES.—Yes.

AUSTRALIAN IMPERIAL FORCE CANTEENS FUNDS BILL.

Assent reported.

SUPPLY BILL (No. 1) 1920-21.

Message, recommending appropriation, reported.

ORDER OF BUSINESS.

Mr. HUGHES (Bendigo—Prime Minister and Attorney-General) [3.12].—I move—

That to-morrow, the 20th inst., Government business shall take precedence over general business.

It is well known to honorable members that it is intended that the House at its rising on Friday shall adjourn for a period, in order to enable honorable members to participate in the welcome to His Royal Highness the Prince of Wales, and as a good deal of business has to be done during this week I venture to ask honorable members to allow Government business to have precedence. This is not to be regarded as a precedent; it is to apply only to to-morrow. I may add that it is probable, but not certain, that there will be an interregnum on Friday while the Senate is considering some Bills to be sent from this House, and in that event, Government business being out of the way, private business may be taken during the interregnum.

Question resolved in the affirmative.

WAR GRATUITY BILL (No. 2).

In Committee (Consideration of Governor-General's message):

Motion (by Mr. HUGHES) agreed to—

That it is expedient that an appropriation of revenue be made for the purposes of a Bill for an Act to amend the War Gratuity Act 1920.

Resolution reported.

Standing Orders suspended; resolution adopted.

Ordered—

That Mr. Hughes and Sir Joseph Cook do prepare and bring in a Bill to carry out the foregoing resolution.

Bill presented by Mr. HUGHES, and read a first time.

SECOND READING.

Motion (by Mr. HUGHES) proposed—
That this Bill be now read a second time.

Mr. TUDOR (Yarra) [3.15].—Through the courtesy of the Acting Treasurer I had an opportunity of looking through this Bill last night, and I found that its purpose is merely to give effect to two or three things which were missed from the Act, and in regard to which the House has already come to a decision. I should like, however, to bring under the notice of the Prime Minister the position of a number of tubercular soldiers. I understand that the men who are permanently incapacitated will receive their gratuities in cash. If that is so, I appeal for the same treatment of tubercular cases.

Mr. HUGHES.—If they can make out anything like a reasonably good case they will get the money.

Mr. HECTOR LAMOND (Illawarra) [3.17].—Cases of total incapacitation arising in camp are not to be treated in the same way as are the dependants of soldiers who died in camp. Obviously that is an oversight.

Mr. HUGHES.—To the extent that their gratuity goes, they are, and shall be, treated exactly the same.

Mr. HECTOR LAMOND.—According to the wording of the Bill, soldiers who were totally incapacitated will get a gratuity of 1s. per day, whereas the dependants of those who died in camp will receive 1s. 6d. per day. They should both receive the higher amount. I am certain that was the intention of the House, but it is not provided for in this measure.

Mr. BRENNAN (Batman) [3.18].—The newspapers recently published the conditions under which caveats might be

lodged in certain cases against the payment of the gratuity to the soldiers, in order to secure the rights of the dependants. The Act makes provision to enable the prescribed authority to withhold in certain cases the gratuity from the persons directly concerned in the interests of the dependants. Recently, the public were warned in the press that it was idle to lodge caveats for other purposes than those relating to dependants. When the parent measure was under consideration, I had thought of bringing under the notice of the Prime Minister certain cases, which the great bulk of the returned soldiers would be only too ready to recognise. I refer to some soldiers who have, in a very discreditable way, broken faith with other persons—in many cases, indigent female relatives of returned soldiers. One case I have particularly in mind is that of a mother whose son was killed at the Front, and who has been absolutely defrauded by a returned soldier. He affected to purchase a business from her, and paid a small portion of the amount due. He then resold the business, pocketed the entire proceeds, and cleared out, leaving the wronged woman with only a small proportion of the money that was due to her. When reading the original Bill I was impressed with the view that apparently the prescribed authority would be qualified to consider cases of that kind, and to decide not to pay over the gratuity to any man who obviously, to say the least, had a very low standard of morals. After reading the statement in the press, however, I have come to the conclusion that the prescribed authority is not going to exercise any discretion of that kind, but will pay over the money to the soldier himself, except in those cases in which it is expressly empowered to hold back the gratuity in the interests of the dependants.

Mr. HUGHES.—I am inclined to think that the prescribed authority would, before acting, require some evidence by the aggrieved person, but I should be very surprised to learn that that body would not exercise its authority in proper cases. Clearly, it has discretionary power.

Mr. BRENNAN.—I am glad to hear the Prime Minister say that. I read the Bill carefully, and I was glad to observe that it contained safeguards which pre-

vented the soldier from having a legal right to the gratuity. The gratuity is not payable to the next of kin, nor is the prescribed authority bound by the terms of a soldier's will. All those provisions, I take it, were inserted to enable the prescribed authority to see that substantial justice was done in the distribution of gratuities. I hope that the prescribed authority will realize the obligation upon it to see that no person who has been guilty of clearly dishonest practices shall get from the Government money which, on moral and every other ground, belongs to some one else.

Mr. BRUCE (Flinders) [3.23].—As I understood the position, the prescribed authority was to have power in certain cases to withhold the payment of the gratuity from a soldier, and give it to a wife whom he had deserted, or to some one dependent on him whom it was his duty to support, and whom he was not supporting. I am surprised at the suggestion that the prescribed authority shall determine the rights of different persons in the payment of gratuity moneys. I quite agree that a person whom the soldier is morally bound to support, and whom he has not supported, should under parliamentary sanction receive the gratuity; but I am not prepared to place the soldier in a different position from other members of the community in regard to ordinary civil rights. If a man has been defrauded by another who has money in a bank, he cannot make good his rights without invoking the assistance of the law, and any person having claims on a soldier should assert them through the proper channels. The suggestion that the prescribed authority should settle such matters is one of the most dangerous that I have heard.

Mr. AUSTIN CHAPMAN (Eden-Monaro) [3.25].—I am not clear whether the Bill will put the dependants of soldiers who died in camp in the same position as that of the dependants of soldiers who were killed in the war.

Sir JOSEPH COOK.—Yes.

Mr. AUSTIN CHAPMAN.—I have brought some hard cases under notice, and I am pleased to know that that will be its effect.

Question resolved in the affirmative.

Bill read a second time.

In Committee:

The TEMPORARY CHAIRMAN (Mr. Atkinson).—Is it the pleasure of

the Committee that the Bill be taken as a whole?

HONORABLE MEMBERS.—Hear, hear!

Mr. HECTOR LAMOND (Illawarra).

[3.26].—I wish to move an amendment, or at least to obtain the assurance that effect will be given to my desire that the same rate of war gratuity shall be paid to men who became permanently incapacitated in camp as is paid to the dependants of those who died in camp. The Bill, I understand, covers only the dependants of a soldier who died whilst in camp in Australia, and I claim that the man who has become totally incapacitated as a result of his service has as strong a claim to the higher gratuity as have the dependants of men who died. A man who, after going into camp, became tubercular to such an extent that he is now unable to earn his living, has as strong, if not a stronger claim to the gratuity as the dependants of men who died. These cases of incapacitation are the most pathetic in connexion with the war.

Mr. MARR (Parkes) [3.27].—As the mover of the amendment on a previous occasion, I am glad that the Prime Minister has given effect to his promise to bring about what I desired by introducing an amending Bill. I support the contention of the honorable member for Illawarra (Mr. Hector Lamond). We must draw a line somewhere; but men who became incapacitated in camp to such an extent that they cannot now follow any occupation might well get the war gratuity. These men are deprived of the benefits of repatriation. I know of a man who was kicked by a horse immediately after enlistment, and was discharged. He does not enjoy any of the repatriation benefits.

Mr. HUGHES.—I shall have an amendment moved in the Senate to do what is desired.

Mr. FENTON (Maribyrnong) [3.31].—I understand that under the Pensions Act two women sometimes make claims as the widows of a soldier, and I believe that in some cases two pensions are being paid in regard to the one soldier. My desire is that the war gratuity shall in every case of this kind go to the first, or rightful, wife. I presume that the prescribed authority will give the rightful wife preference over every other applicant. I have had great trouble in some cases of this kind in regard to pensions, and I

want the rights of the first, or legal, wife to prevail.

Mr. HUGHES.—I think they should do so.

Mr. TUDOR (Yarra) [3.33].—I know that the Prime Minister is anxious to get away to a deputation, and I am willing that he should leave some other Minister in charge of the Bill. A case of the kind referred to by the honorable member for Maribyrnong (Mr. Fenton) has come before me, and probably every honorable member knows of similar cases. In the instance to which I refer, a wife was deserted by her husband, an embezzler, who subsequently went through the form of marriage with another woman, leaving his proper wife and children without support. The claims of such a woman should be considered, and she, and not her husband, should get the gratuity.

Mr. HUGHES.—I am in favour of the first wife receiving proper recognition.

Bill reported, without amendment; report adopted.

Bill read a third time.

BUDGET (1919-20).

In Committee of Supply:

Debate resumed from 14th April (*vide* page 1162), on motion by **Mr. HUGHES**—

That the first item of the Estimates under Division 1—The Parliament—namely, "The President, £1,100," be agreed to.

Mr. MAHONY (Dalley) [3.34].—I ask whether it is the intention of the Government to proceed further with the building of ships at Cockatoo Island? At the present time, hundreds of men are being discharged there, although Australia is crying out for shipping, and commerce remains almost stagnant for want of it. I ask the Minister to take steps to arrange for the construction of ships at Cockatoo Island, and, at all events, to take in hand the coal ship, the building of which has been already approved by the Government, and for which all the material needed is at present in the dockyard. I hope the Minister will take the necessary steps to see that the work is placed in hand immediately.

The other matter to which I desire to direct attention is one involving what I consider to be a gross injustice to one of our Australian soldiers. The man I mean is Corporal Launcelot de Mole; and when I state what this young Australian has done, not only for Australia, but for

the British community, and the Allied countries, the House will, I think, admit that he has rendered signal service, and is entitled to some recognition. He was the original inventor of the tank, which made possible the great advances on the Western Front, and the breaking of the Hindenburg line. During the years 1911-12, this young man struck the idea of the caterpillar tank, and submitted his plans and designs to the Defence Department in Perth. He found, however, that he could get no satisfaction from the Department, and, according to his own statement, when he interviewed the Secretary at the Perth office, he was assured that it was quite useless for him to submit any plans to the local Inventions Board. That is a statement of fact on which I desire honorable members to dwell for a moment. In most cases this would have baulked a young inventor, but this man, like the average Australian, was full of grit and determination. I remind honorable members that these happenings were prior to the Great War; and it was suggested by friends, whom the inventor consulted, that he should submit the plans to the German Consul in Australia. This he refused to do; he was a young man of some vision, and, seeing the possibilities of the invention, he declined to submit it to any but the representatives of his own people. He sent the plans and designs to the Secretary for War in Great Britain, but they were pigeon-holed in the War Office, and the inventor could obtain no news of them. He volunteered for service when the war broke out, and, after being turned down once, was accepted, went to the Front, and "did his bit." During a short term of leave from the firing line, he went to London, and made inquiries at the War Office, but could not get any satisfaction beyond being told that he would have to submit a model, as well as plans and designs, and this he did. The model was sent to the Munitions Inventions Department, but the inventor was not allowed to appear to demonstrate the capabilities of his invention. The Department, however, reported favorably, and recommended that the invention should be sent on to the Tanks Committee. Perhaps the most remarkable and significant fact in the whole business is that the plans, designs, and model of the tank were lost in transit between the two Departments, although they were distant from each other less

than half-a-mile. Nothing was heard of the matter for some months, when the young man suddenly discovered that his invention had been turned down on the report of Major Wilson, who was at that time the head of the Tanks Design Department. Honorable members may remember that, after the matter had been dealt with by the Tanks Committee, the war having gone on for some time, the question arose as to who should receive the compensation or reward for the invention of tanks. According to the report of the Royal Commission appointed by the British Government, Colonel Johnson, the present head of the Tanks Design Department, regarded the rejection of the invention of the young Australian as not justified. The young inventor had to rejoin his unit after his leave, but, on his return to England after the Armistice, he appeared in person before the Royal Commission, and gave evidence. For financial reasons, he was not able to be represented by counsel, whereas Major Wilson, the head of the Tanks Committee, had King's counsel appearing for him. And here is a point which, to my mind, needs clearing up. This same Major Wilson shared in the reward of £15,000 which was granted for the invention of the tank. Do honorable members see the significance of the situation? In the first place, the designs and plans of the young Australian were lost in transit from one Department to another over a distance of less than half-a-mile, and when eventually they were discovered in the second Department, the head of which was Major Wilson, they were disapproved by that officer, who eventually was given a share of the reward. Here we have a young Australian soldier who, on the face of it, appears to have been robbed of the fruits of his labour and the child of his brain, and it is the duty of the Government of Australia to see that he is given his due for his good work on behalf of the Allies. Another peculiar point is that the Royal Commission, when dividing the reward, gave the Australian inventor £987, but this was to recompense him for out-of-pocket expenses incurred in the preparation of the plans and designs, making a working model, and so forth. When this amount was awarded the stipulation was made—and this, it appears to me, amounts to an admission that the Australian inventor has some claim for justice—that the matter was not to be made public. As a

matter of fact, the whole proceedings were kept secret in Great Britain, and it was only when the correspondents of the Australian newspapers wrote home that the facts became public.

I asked the Prime Minister some questions a week or two ago, and his replies exactly bear out the statements which I have made this afternoon. The Government should now be prepared to go further in this matter, and to intimate to the Imperial authorities that it will not sit down quietly and allow this young Australian soldier and inventor to be robbed of the fruits of his labour. He rendered good service both in the firing line and as an inventor of war-like weapons. Not only did he fight in the trenches, but he gave to Great Britain and the Allies a weapon which effectively smashed the Hindenburg line. I strongly appeal now for justice in his behalf.

Mr. HILL (Echuca) [3.53].—Last Friday week I moved the adjournment of this House to discuss the urgent matter of the continuation of the Wheat Pool. On that occasion I made a statement which has since been replied to by the Prime Minister through the medium of the press. I thought Mr. Hughes would have taken the opportunity to make a statement in this chamber, and that he would have given to honorable members direct some indication of the intentions of the Government respecting the continuation or otherwise of the Wheat Pool. Seeing, however, that the Prime Minister's statement was made to the press and not to this House, and seeing, further, that I have learned that many who read the Prime Minister's remarks appear to have understood that they were made here, I desire to correct that false impression.

I wish now to reply to the various statements of the Prime Minister on that occasion. He availed himself of the privilege of going right through the various minutes of the Australian Wheat Board, and of quoting from them rather freely. I propose, also, to quote from those minutes. First, I draw attention to the cable message of the Prime Minister in connexion with the first sale of 500,000 tons. At the meeting of the Wheat Board, held on 30th June, and extending to 2nd July, 1919, Mr. Pitt, the manager, read the following telegram from the Prime Minister:—

I have been continuously pressing on with negotiations for sale of wheat. With im-

proved shipping facilities our chances are improving. As you know, we have recently sold considerable quantities to Europe, including some 100,000 tons to Greece, at very good prices. Italy wants to buy, but asks for credit. I am consulting Campion, and have had him over Paris to advise me on this. It is possible we may be able to dispose of considerable quantities Italy if we can arrange financial terms satisfactory to us as well as to them. The price will be quite all right. Britain: I am seeing the Royal Commission this morning. It may be possible to sell 500,000 tons. What is lowest price the Board is prepared to accept? Such a sale would help us financially in London just now. Reply urgent.

To that, Mr. Pitt replied as follows:—

Your telegram 24th June. Russell is calling with all haste meeting Australian Wheat Board. Expect to be able cable you Monday what you require.

There was no mistake in the minds of the members of the Wheat Board, and that fact is manifested by the following discussion, which occurred at the meeting of the Board on 30th June:—

Senator Russell (Chairman).—Now, what about this 500,000 to Britain? The usual practice has been for us to state the minimum on which Mr. Hughes may conduct negotiations, but I do not know of a case in which he has not succeeded in getting a bit more. It is necessary to give a definite expression in that regard.

This definitely establishes that Mr. Hughes only sought authority to sell the 500,000 tons. In the matter of price, the Board fixed a minimum, on the understanding, of course, that the Prime Minister would endeavour to secure a better figure. I might say at this stage that Mr. Hughes' reply to my statements when I moved the adjournment of this House is very ingenious. By his quotations from the minutes of the Board he has naturally made his case look as good as possible. I might say that I am now about to endeavour to do the same.

Sir ROBERT BEST.—The honorable members infer, then, that his case is going to be ingenious, too?

Mr. STEWART.—I am sure the honorable member will be more honest than the Prime Minister.

Sir ROBERT BEST.—I do not think the honorable member has any right to say that.

Mr. HILL.—At least, I will endeavour to stick to the minutes. The following is a further quotation from a lengthy discussion in which members of the Board engaged:—

Mr. Drummond.—I am in favour of nothing less than 5s. a bushel, especially in view of

the way the Imperial Government has treated us in regard to shipping and picking the eyes out of the wheat, which will make the position more acute towards the finish.

Mr. Giles.—I move that the lowest price be 5s. a bushel.

Mr. Oman.—We offered 5s. last season, and there has been interest since then.

Mr. Hill.—I think we might suggest 5s. 3d., with an absolute minimum of 5s.

Senator Russell.—I think you can leave that to Mr. Hughes. He will get as much as he can. Let us fix the minimum.

After still further discussion, Senator Russell said, "Does 5s. a bushel meet your wishes?" I replied, "As an irreducible minimum." This was unanimously agreed to. Commenting upon the matter of the unauthorized deal, Senator Russell said at a meeting of the Wheat Board held on 22nd August, 1919:—

We had all the information available in the cables, and we decided to fix 5s. as the minimum on the best information we had, leaving it to the Prime Minister to get whatever over that he could. Fortunately, he got 5s. 6d. We did not feel justified in fixing 5s. 6d. as the minimum.

Mr. Baxter (Western Australia).—This is the most important business we have to handle. You gave Mr. Hughes a minimum of 5s. My telegram put the absolute minimum at 5s. 6d. for the 500,000 tons, but regretted it was so small. Then the sale came along of 1,000,000 tons at 5s. 6d., and, further, an option was given over an additional 500,000 tons till September at the same price. That left the British Government in the position, without paying any consideration, of declining the option in September if the market went down or accepting it if the market went up. We could not sell in the meantime.

Sir JOSEPH COOK.—Was Mr. Hughes made acquainted with this discussion that went on about the irreducible minimum, and about these other statements?

Mr. HILL.—Well, I cannot answer for that.

Sir JOSEPH COOK.—Now come; be fair.

Mr. HILL.—I can only say that Mr. Hughes obviously went thoroughly through the minutes, and that he had every opportunity to learn the nature of every discussion at every meeting of the Board. To proceed with the report of the discussion—

Mr. Drummond (New South Wales).—We only authorized 500,000 tons. That is all we were asked for. Mr. Hughes sold 1,000,000 tons and gave an option over 500,000 tons, which I think we might well have been allowed to consider.

I might interrupt here to point out that the Prime Minister has said that this matter had never been raised in the

Wheat Board. The quotations which I am now making reveal that Mr. Baxter raised it, and that Mr. Drummond raised it also. They dispose of Mr. Hughes' statement that this point had not been brought before the Wheat Board, and that the subject had not been criticised. Mr. Hughes asked for the lowest price at which the Board could authorize the sale, and that minimum price was given him. The Board did not meet again until 22nd, 23rd and 24th August, 1919. Meanwhile, Mr. Hughes had sold the 500,000 tons, and, without authority, another 500,000 tons. Moreover, he had given an option over a third parcel of 500,000 tons, at 5s. 6d. per bushel. Not only had he done that, but he had given the option without requiring payment of any portion of the total price. I said then that this was bad business, and I say it to-day; and so it was.

At a deputation which waited upon the Prime Minister in January this year, in the matter of the continuation of the Pool, one of the speakers put a question direct to the Prime Minister, "Did you consult the London agency before making a sale?" And Mr. Hughes said, "No." The Prime Minister now says that he did consult the London agency. Whom are we to believe, and when are we to believe the Prime Minister? I might say here that a second option was asked for by the Imperial Government. The first was exercised long before the time limit had expired, and the British authorities immediately asked for a further option over 500,000 tons, to which request the Wheat Board responded with a point-blank refusal. In fact, the huge sale made by the right honorable gentleman left us in the position that we could not have supplied the quantity, even if we had given the option. The British Government evidently realized that it had made such an excellent deal in connexion with the 1,500,000 tons that it was eager to buy a further 500,000; in regard to which, as I say, the Board refused to give an option.

Sir JOSEPH COOK.—That is the honorable member's statement.

Mr. HILL.—I have been twitted in this House with having found fault with the Prime Minister for having sold our wheat too cheaply, when I was merely wise after the event. I have been twitted, further, that I consented to sell wheat for local consumption at 7s. 6d. per bushel.

Here, I wish to remind honorable members that I made a statement, following upon an interjection by the honorable member for Wannon (Mr. Rodgers), to the effect that the Prime Minister could tell honorable members something more about the price than I was prepared to relate at that stage. Now I think that, seeing that only half the story has been told, it is no more than fair to myself and to this House and to the wheat-growers generally, that I should state as nearly as possible what really did occur regarding the sale of wheat for home consumption, for about twelve months ahead, at 7s. 6d. per bushel. At the request of the Wheat Board a Conference of State Premiers and Ministers was held on 9th and 10th January, 1920, in order that the States might furnish estimates of their requirements of wheat supplies until the new crop, 1920-21, should have come in at the end of the year. On account of the local position the Board—which, by the way, is the selling medium on behalf of the Australian wheat farmer—had been withholding sales. I emphasize that, according to our constitution, the Board had been called into being to sell wheat. However, having regard to Australia's home requirements we had withheld wheat from sale when it could have been disposed of at very profitable prices. At a meeting of the Wheat Board the following resolution was carried:—

That the Australian Wheat Board hold sufficient stocks to meet Commonwealth requirements for local consumption, each State to declare forthwith its proportion of such requirements, and to undertake to purchase same under the scheme method of payment from time to time in force.

Then arose the question of local price. The Conference could not fix the price. Its members were there as buyers, while the matter of selling was in the hands of the Wheat Board. I shall quote from the report of the discussion which took place at the Conference:—

Mr. Ashford (New South Wales).—It was discussed and agreed upon that, subject to the approval of the Governments in each State, 6s. 6d. should be the price.

Mr. Hughes.—I have already stated that the minutes seem to sustain your point.

Mr. Ashford.—I know that Mr. Drummond would not support anything over 6s. 6d. per bushel, and that, on the other hand, Mr. McGibbon will want something higher. That will equalize it. We might as well finalize it to-day.

Mr. Hughes.—I would like to hear Mr. Hill.

Mr. Hill.—We are not prepared to sell wheat at 6s. 6d. When 6s. 6d. was fixed at the last

meeting, there was no understanding that it was to cover a period of six, nine, or twelve months.

Mr. Oman (Victoria).—We really tried for 7s. for home consumption.

Mr. Hill.—My opinion was that the States would come here to-day to buy, and the Board would fix the price.

Mr. Ashford.—Before the last Wheat Board meeting, the farmers' representatives held a meeting and decided to ask for 7s. per bushel. Eventually they gave way, and agreed to 6s. 6d. at the meeting of the Board.

Mr. Giles.—That is correct, but we did not agree that it would be permanent for a year.

Mr. Oman then moved the following motion:—

That the price for local consumption be 6s. 6d. per bushel, with a carrying charge of 1d. per bushel per month to cover interest, carrying, &c.

I said, after a lengthy discussion—

According to a document placed before the Board at the last meeting, it was stated that the existing price for overseas wheat was 8s. per bushel; now we propose to sell it at 6s. 6d. Mr. Giles and I would probably support a motion at 7s., plus the carrying charge mentioned by Mr. Oman. Anything below that we will oppose. I can sympathize with Mr. Drummond. He represents the buyers and sellers. Mr. Giles and I are otherwise. We represent the farmers. I have been in communication with growers all over the State and there would be trouble if the price was fixed below 7s.

Thereupon I moved—

That the price of wheat for local consumption be 7s. per bushel, plus a carrying charge of 1d. per bushel per month.

Later on, Mr. Oman said—

I think the 6s. 6d., plus 1d. per bushel per month carrying charge, gives the farmer a good return, and one which could not be exceeded if we took the world's parity into consideration. I do not agree that, if there is only enough wheat in a State to serve the State's requirements or only a small surplus, the people should be compelled to take the world's parity always. The cost of production should be taken into consideration. . . . There would have been no difficulty if we had not increased the price at the last meeting from 5s. 6d. to 6s. 6d. Having established 6s. 6d. you would like to give as much as possible to the farmers. All the sales are pooled. It matters not which State supplies the wheat to New South Wales or Queensland. I would urge a fixed rate, and not one which is going to hit the consumer every time. I am as keen as any man to act as fair as possible.

The following discussion then ensued:—

Mr. Pitt.—Could there not be some compromise between Mr. Oman's suggestion and Mr. Hill's? Supposing it was fixed at 7s. without any carrying charge.

Mr. Drummond.—Mr. Hill has stated that I represent the unfortunate State of New South

Wales, and has suggested that I am likely to be biased. I still claim I represent the whole of the farmers of Australia as one of the farmers' representatives on this Board, and I also claim that we cannot get away from our responsibility to the consumers as well. In New South Wales, Queensland, and Tasmania we are at your mercy. There is no denying it. I claim that the farmers, as a whole, are men prepared to do a fair thing, and I think Mr. Oman's suggestion, worked out in detail, is a fair thing. I consider the whole of the farmers of Australia would be satisfied that they were getting a fair deal.

Mr. Hill.—If we are to sacrifice the farmers' wheat at 6s. 6d. per bushel, I will not be a party to it. I say it is an unreasonable thing to expect, more especially when one considers the conditions under which the wheat was grown this year. I venture to say the farmers need every penny of it, and the fact that so many farmers have applied for seed wheat advances shows the necessitous conditions of the farmers of the State. It is only a few of the so-called wealthy sheep and wheat men that are in a fairly good position to-day. The great bulk do not know how they will meet their bills.

Senator Russell.—I do not care what it is as long as you make it clear.

Mr. Colebatch.—It seems there is a difference of 6d. per bushel between the two. There seems to be some difference of opinion as to whether 1d. per bushel per month is a sufficient or an exorbitant charge. If you are not going to take the world's parity, you had better fix it for the whole year. As far as I am concerned, I am prepared to split the difference, and make it a flat rate of 7s. 3d. per bushel, and would be prepared to move that.

Mr. Oman.—Could we get unanimity on that?

Mr. Colebatch.—I am satisfied with 7s. 3d., and all charges to come out of that.

Mr. Hill.—My opinion is that we would get a high price if we held the wheat. However, as a compromise, we are prepared to give them the benefit of the doubt.

The price of 7s. 3d. was decided upon by the Australian Wheat Board. It will be seen that I contended in the first place for 7s. 6d., and stood practically alone, and that I had to agree to 7s. 3d. as a matter of compromise. On a Board of this kind one could not have his own way. However, when the Conference resumed, I said—

We have had four of the best years in the history of Australia in regard to wheat-growing, but, notwithstanding that fact, the area sown to wheat is decreasing every year. That would seem to indicate that the farmers are not doing well out of wheat-growing. We have been selling wheat at under the cost of production for some time. Now we have a chance of getting somewhere near a fair thing. We are not asking for 8s. 6d. or 10s. We are not arbitrary at 7s. 3d., and will keep the wheat for the whole of the consumers of the Com-

monwealth for twelve months. That is a fair price, and much lower than wheat can be had at anywhere to-day. If consumers are entitled to grumble, it is at the profits made by the millers and the bakers.

The Prime Minister said—

I am not going to argue the point. I agree with Mr. Drummond when he says, "We would be getting into deep water if we go beyond 6s. 6d."

After a lengthy discussion, in which the Prime Minister suggested that he should obtain an option over 10,000,000 bushels of British Government wheat stored here, to which Mr. Oman and I objected on the ground that it would depress the local market and create a very bad impression in the minds of the farmers, seeing that the price would show a big profit to the Imperial Government and a corresponding loss to the Pool brought about by this unauthorized sale, the following discussion took place—

Mr. Hughes.—I can only say my own view is that we should postpone it if you are not in favour of 6s. 6d. Personally, I cannot agree to any increase in the price of bread until we have exhausted every means of preventing it. There is a way of preventing it. We have tried that.

Mr. Hill.—I understand New South Wales Government will take all wheat for seed at 7s. 6d. per bushel.

Mr. Ashford.—6s. 6d., and 7s. 6d. for graded wheat.

Mr. Hill.—I have seen wheat going into our stacks fit for seed. They are offering 6s. 6d. and 7s. 6d. for seed in New South Wales, and now you want us to keep that wheat here for twelve months for 7s. 3d.

Mr. Hughes.—I cannot agree to the price of wheat all over Australia going up to 7s. 3d. There may be a reason why it should go up to 7s. or 7s. 3d. in New South Wales. I am quite sure you do not realize what an outcry there would be if we put the price of wheat up to 7s. 3d. It would have been better if you had put it up to the 7s. 3d. at the last meeting.

Mr. Oman.—We have turned down offers within the last two months at high rates with a view of holding it for local consumption. We turned down South Africa at 8s. 7½d. I am not arguing personally. I have no interest in the Pool this year or last. We are in a strong position to-day, thanks to the sale you made to the British Government at 5s. 6d.

I did not agree with that remark—

We have buyers offering us 8s. 7½d. It put us in a very good position for a good clean up. In my opinion, if you get back 10,000,000 bushels of British wheat, you will reduce our chance of obtaining a good clean up, and we would not be able to get the good price we are now getting from Japan for inferior wheat. I do not think the last 3d. was justified, and we would do well to drop it. Mr. Hill should

see that it is not wise to embarrass the position by fighting for 3d.

It is abundantly clear that I fought for the highest price we could possibly get. I can look every consumer in the face and say that even in regard to the price of 7s. 3d. suggested we were absolutely generous in fixing the price. The Prime Minister finally said—

I suggest that the matter stand over until we know from the British Government whether they are prepared to do one of three things:— (1) supply South African trade, or (2) give the Board an option of 10,000,000 bushels exchangeable up to September. (3) If not agreeable to 1 or 2, whether they would agree to sell 10,000,000 bushels, and, if so, at what price. If the price suits us we will buy it; if it does not, then we will not buy. We cannot lose on buying at 6s. 6d. and selling at 8s. 7½d.

The Prime Minister having declined to accept the price fixed by the Australian Wheat Board—7s. 3d. per bushel—and having intimated that he would adjourn the meeting to a date to be fixed, and that in the meantime he would cable the Imperial authorities to secure an option over 10,000,000 bushels, &c., as suggested by himself, the Board adjourned from the 9th January. No cable was received in reply until the 29th January, and the various State Ministers were kept waiting during that time. When the Conference was eventually called together by the Prime Minister on the 27th and 29th January the following cable from the Secretary of State for the Colonies was read by the Prime Minister:—

'With reference to your telegram 10th January, Royal Commission on Wheat Supplies has carefully and sympathetically considered proposals outlined by your Prime Minister, but owing to difficulty of securing necessary wheat in North America, and also owing to grave apprehension of labour disputes in Argentine, it finds that to sacrifice wheat in Australia would endanger supplies to United Kingdom. Expectation of drawing alternative supply from South Russia entirely dispelled, whilst Indian export still doubtful. Tonnage already allotted to load very large part of wheat still remaining to be shipped from Australia, and further tonnage arranged load balance as quickly as possible. In these circumstances, and as United Kingdom by far largest customer for Australian wheat, Royal Commission on Wheat Supplies regret unable to agree to forego any of their wheat supplies already purchased in Australia, and feel that they are justified in asking that orders to be completed other outside markets should be temporarily sacrificed by Australia rather than United Kingdom; case would be different if there were an actual shortage wheat Australia for local requirements, but not gathered from

your telegram that such shortage likely to exist, if necessary action taken by Commonwealth to guard against undue export other destinations.

Having considered this cable, the world's wheat position, and prices, the members of the Australian Wheat Board had decided that the price should be increased to 7s. 9d. per bushel. At the Conference of the 29th January, Mr. Oman said—

The cable has given us the information we want, and I take it, it will be for the members of the Board to determine the price at which they are prepared to sell the wheat they hold on behalf of the people. I felt last week that we were offering the wheat at a cut rate. You took a different view and cabled to London. The reply confirms the view we held, viz., that there was a strong market. I will not be a party to selling on a low parity. We are selling to-day at 8s. 10½d., and, personally, I am of the opinion that the price should now be somewhere in the vicinity of 8s. However, there is a slight concession on that. I am not prepared to give away the wheat belonging to the farmers at under 7s. 9d. per bushel. Your cables, fortunately for the producers, strengthen me. I take it, it will be for this Conference to determine the price, and I say that if the whole of the States are prepared to buy at a fixed rate, you should not withhold your consent. We have information now that there is no wheat available from Argentine, India, or Russia. If they cannot look for wheat there, how can our customers look for wheat there? The result is that we can write our own ticket. We see oats selling for 6s. 6d. per bushel of 40 lbs. We are entitled to put wheat on a parity with other grains. An equitable thing has to be done. I am quite convinced the price should not be less than 7s. 9d. per bushel, and I am not prepared to take less. Inferior wheat can be sold to-day for 8s. 10½d. per bushel.

Mr. Hughes then said—

That is a matter you must please yourself about. The only thing I want to point out is that the question in dispute is not the sale of wheat overseas. You can get whatever price you can. If you can get 200s. per bushel, so much the better. The point is, at what price are you Australian farmers going to sell the wheat to your own people? As for the Japanese, charge as much as you like.

Mr. Hughes argued that the constitution of the Australian Wheat Board obliged it to get London parity. Members of the Board disagreed, arguing that the Board should sell the wheat elsewhere, and at much higher prices. However, the Board had no desire to oversell at these high prices, and thus leave our own people short. But it did insist upon getting what it considered to be something like a reasonably fair price, although that price was not nearly as high as could

have been obtained for overseas shipment. Mr. Hughes refused to entertain the price of 7s. 9d. fixed by the Board, but postponed the meeting, and meanwhile cabled to London with a view to finding, if possible, London parity.

The TEMPORARY CHAIRMAN (Mr. Atkinson).—Order! The honorable member's time has expired.

Mr. HILL.—If no other honorable member desires to speak at this stage, I shall take my second half hour now. The Australian Wheat Board assembled on 29th January.

Sir GRANVILLE RYRIE.—I rise to a point of order. Is the honorable member in order in reading his speech?

The TEMPORARY CHAIRMAN.—I understand that the honorable member is merely reading extracts from some report or document.

Mr. HILL.—I could tell my own tale, but so that there can be no dispute, and in order to reach finality, I am quoting as nearly as possible from the minutes of the Australian Wheat Board, from which the Prime Minister also quoted, and which cannot be said to be wrong. I may add that I have also taken the precaution to advise all the gentlemen whose names I am using that it was my intention to do so.

Sir JOSEPH COOK.—Is this Wheat Board a public body?

Mr. HILL.—I do not know what the Minister may call it, but I presume that what the Prime Minister can read I can read.

Sir JOSEPH COOK.—I quite agree with that, but I doubt whether this procedure is wise on the part of either the honorable member or the Prime Minister.

Mr. HILL.—As the Prime Minister quoted from the minutes of the Australian Wheat Board, I have no option but to do the same. I might make a statement, and then the Prime Minister might pick out certain minutes which would make my case appear absurd. The statement issued to the press by the Prime Minister is one of the most ingenious I have ever read. I doubt whether the honorable gentleman saw the statement before it was issued to the press; I am inclined to think that two other gentlemen drew it up, and made it public. With the multiplicity of duties he has to perform, it is almost impossible for the Prime Minister to go into all these matters. I have already said that the Prime Minister cabled to London with a view

to ascertaining, if possible, the London parity. I heard Senator Russell say, at a meeting of the Chamber of Agriculture at Bendigo, that there was no such thing as London parity. But when it suited the Prime Minister he tried to establish London parity, although the Wheat Board was of opinion that at that time it would be difficult to establish. Evidently he did establish it to his own satisfaction. The Australian Wheat Board re-assembled on 29th January, when neither the Prime Minister nor Senator Russell was present, both being engaged at a Cabinet meeting. It is only fair to say that the meeting was hurriedly convened because the delegates from the various States, who had been in Melbourne from the 9th to the 29th January, were in a hurry to return to their homes. They decided to take the matter into their own hands, to buy the wheat, and fix the price, regardless of whether or not the Prime Minister consented. At that meeting Mr. Oman said—

I have been trying to find out what the London parity is. I have ascertained certain values in other countries. Further, to these quotations in London you have to add £50,000,000, and divide it by 240,000,000 bushels of wheat, which is 4s. 2d. above the quotation in London. I have ascertained that the present price of wheat in the following countries is—

Pacific Coast, 9s. 5d., plus 23 per cent. exchange.

Argentine, 9s., f.o.b., plus 13 per cent. exchange.

Chicago, 9s. 6d., rail.

Atlantic Coast, 10s., f.o.b., plus 23 per cent. exchange.

India, 8s. 6d.

The quantities of wheat that can be absorbed without going to Britain are—

			Bushels.
South Africa	..	..	6,000,000
East	..	..	7,500,000
Egypt	..	..	5,000,000
			<hr/>
			18,500,000

The person from whom I ascertained the figures states that he is satisfied that the 18,500,000 bushels is worth 10s. per bushel here, f.o.b. The exchange rate would be practically 2s. 6d. Taking those prices, plus the £30,000,000 and exchange, their wheat is costing 13s. per bushel. Deduct from that 4s., leaves it at 9s., true value. I think we have reached a stage when we will have to make up our minds whether we are going to submit to the Prime Minister deciding for the Wheat Board. I am satisfied the Victorian Government will not accept that position.

Mr. Colebatch said—

The constitution the Prime Minister quoted from makes the Australian Wheat Board the exclusive authority for fixing this price. You cannot go behind that. If the Australian Wheat Board fixes the price, it is not possible for the Prime Minister to go behind that. We suggested a price of 7s. 3d. in the first place, and he refused to agree. After a fortnight, the course of events made us submit 7s. 9d., and he refused to agree to that. In regard to the course adopted of consulting the British Government, that was not unanimously approved of by the Wheat Conference, but we had to take it. You have all had more experience on the Wheat Board than I have, but I consider the proper course for us now to take is to fix the price, and communicate our decision to the Prime Minister, and leave it at that.

I then said—

I think we would be perfectly in order in carrying a resolution now re-affirming our decision that the price for local consumption be 7s. 9d. per bushel, and pass it on to the Prime Minister, and throw the responsibility on him.

After further discussion, I said—

If you come in, and make it a unanimous vote, I am prepared to agree to the foregoing of the 1d.

Mr. Ashford said—

I am prepared to say publicly that no doubt to-day, taking the wheat there is, it is really below the price wheat could be sold outside.

The price was finally fixed by the Australian Wheat Board at 7s. 8d. per bushel, and the decision conveyed to the Prime Minister, who, at that stage, was unable to be present, owing to a Cabinet meeting. In regard to the announcement of the price, it was agreed by the Board—

That the price of 7s. 8d. per bushel, as agreed upon, should operate not later than 1st February.

We felt so uncertain as to whether the Prime Minister would acquiesce in the decision we had made that we resolved that in the event of the right honorable gentleman not making the announcement by noon on the 31st January, Mr. Oman was to do so in behalf of the Board. However, the following statement by the Prime Minister appeared in the press on 31st January:—

After several conferences of the Ministers representing the various State Governments, and the representatives of the growers, it has been decided to increase the price of wheat for local consumption from 6s. 6d. to 7s. 8d., this rate to operate forthwith, and for the remainder of the current season—that is to say, until the end of the year. The avid demand

throughout the world for wheat, in view of the leanness of the present year's crop, has created a very difficult position in Australia. There remains within Australia only sufficient unsold wheat for twelve months' supply, after providing for normal exports of flour. It is recognised that it would be most unwise to oversell wheat and run the risk of subsequently having to import an inferior quality of wheat at much higher prices. As is well known, the New South Wales harvest was almost a failure, and that State will have to purchase from the other States an amount of not less than 12,000,000 bushels. The difficulty of the position which confronted the conference was accentuated by inquiries that have been made by various countries to purchase wheat at substantially higher prices than have ruled recently. After considering all those factors, 7s. 8d. was fixed upon to meet the altered conditions. In compliance with the policy set before the people of Australia at the recent elections of paying to the farmers the local equivalent of the London parity on all export surplus, it was felt that large quantities of wheat should not be held with storage and interest charges accumulating, while refusing such tempting offers.

To any one who had inside knowledge of what had happened at the meetings of the Board, the last paragraph in the Prime Minister's announcement was laughable in the extreme. In bringing this matter before the House so often, I have no desire to be vindictive towards the Prime Minister. I am quite prepared to concede to him any credit that is his due, but on behalf of the wheat-growers of Australia I have tried for some months to get a pronouncement from the Prime Minister as to what he proposes to do in regard to the continuation of the Pool for this year. That was my object in moving the adjournment of the House last week. The Prime Minister said to members of the Board, when they met him in conference, that, owing to the harsh criticism which had been levelled at the Pool, he would not decide immediately one way or the other. Very much of the criticism which has been levelled at the administration of the Pool has been justified. I have never levelled criticism at the Pool itself, and have always given credit to those who conceived the idea of it, because it was a first-class conception. But on many occasions the administration of it has been bad, and the Prime Minister has been one of the offenders. Criticism has been levelled not wholly and solely at the Prime Minister, but at all and sundry who have been responsible for this bad administration. I do not know whether the right honorable gentleman intends to persist in his silence. I have

tried by every means in my power to obtain a statement from him. We are faced with a guarantee of 5s. per bushel and abnormal shipping conditions. If the Pools are to be wound up, the employees of the State Wheat Commissions and of the Australian Wheat Board should be informed, so that they may have an opportunity to look for other billets. Then, again, we do not want to put on the market at the last moment the huge quantities of iron, timber, hessian, and other dunnage of which it will be necessary to dispose if the Pool is not to be continued. We should know at the earliest moment what is to be done, so that the interests of the growers may be safeguarded. The Prime Minister stated at Bendigo that his wish was to help the producers, but he is the only man who is preventing the continuation of the Pool for another year. We do not ask for a compulsory Pool for all time. What we wish for is the continuation of the Pool, under existing conditions, for this year only, and I think that we have a right to ask for that.

Mr. STEWART.—And the right to an answer.

Sir JOSEPH COOK.—You have also the right to abuse to your heart's content the man who has done everything you want. A Minister is not a doormat. I am getting some of this kind of criticism in regard to the coal distribution.

Mr. McWILLIAMS.—The Prime Minister looks for it pretty often.

Sir ROBERT BEST.—And gets it.

Mr. HILL.—When last I spoke on the subject I was told that I would get "slops" when the Prime Minister dealt with me, but I am here to do my duty, and to speak the truth so far as I can, and I am not to be deterred by his threats or frowns. I understand that the honorable member for Wakefield (Mr. Richard Foster) is to present to the right honorable gentleman a petition against the continuation of the Pool, which comes from the farmers of Crystalbrook, South Australia. I have here a telegram, dated 18th March, and signed by L. O'Loughlin, which says—

Largely attended meeting of farmers at Crystal brook, in centre wheat-growing areas, last night carried resolutions, with only two against, as follows:—

That the Wheat Pool be continued, and guarantee of Commonwealth Government of 5s. bushel for wheat of 1920-21 harvest be accepted, as owing to disorganized state of world's mar-

kets and evident shipping combines only Imperial Government, through influence of Commonwealth Government, can be relied on to make satisfactory sales of wheat and freight arrangements for export of same.

That before there is any reversion to private trading, a referendum of wheat-growers be taken, as we consider no change from present method should be made without their approval.

I understand from the Victorian Minister for Agriculture that the Victorian Government is favorable to the continuation of the Pool for another year, and the Australian Wheat Board, after discussing the subject on the 11th, 12th, and 13th February, carried the following resolution:—

That in view of the uncertainty of the shipping position and the guarantee of an advance of 5s. per bushel at railway stations, this Board recommends to the Commonwealth and State Governments that an immediate announcement should be made that the Pool with its machinery will be continued for the receipt and disposal of the 1920-21 harvest.

Surely, when men who thoroughly understand the wheat position, including the Ministers who represent on the Wheat Board the wheat-growing States, see the need for continuing the Pool for another twelve months, the Prime Minister should treat our request courteously, and if he does not intend to continue the Pool, should say so, in order that other arrangements may be made. If what I have said brings upon my head the wrath of the Prime Minister, I care not. I hope not to have to bring this matter before honorable members again, because I am sick and tired of talking of it. If the right honorable gentleman will give us the fair deal to which we are entitled he will hear no more condemnation from me. I shall have done with the business once he has met us and told us what he intends to do.

Mr. GREGORY (Dampier) [4.43].—It has seemed to me strange that at a time like this, when it is essential that the country should produce as much as it can, we should hear of large numbers of persons being out of employment. The acute industrial unrest which has existed in Australia during the past few years is responsible for the present state of things, and I think that the Government should at the earliest moment say what action it proposes to take for the amendment of our industrial legislation. It should be patent to all that we cannot continue as we are to-day. Our indus-

trial laws have been found to be absolutely and wholly unworkable, and, to my mind, the Arbitration Court is responsible for the vindictiveness—I can find no other word characterizing the feeling which exists—between employers and employees. At the present time the feeling between those two sections, who, if we are going to prosper, must work in harmony, is very bitter. The amendment of our industrial legislation has been promised for a long time, and, to my mind, we can discuss no more important subject than proposals for arriving at a better understanding between employers and employees. No other matter is of such grave concern to the people of Australia at the present time.

Sir JOSEPH COOK.—The honorable member might say to “the people of the world.”

Mr. GREGORY.—The nervous tension created by the war has had a lot to do with the industrial unrest that exists; but we have gone ahead of other countries in our industrial legislation, and have done many things that it would have been better to leave undone. I do not wish to raise a discussion about industrial reform now, because it could not do any good, but effort should be made to amend industrial legislation at the earliest possible moment.

Mr. AUSTIN CHAPMAN.—Is the honorable member prepared to assist me in regard to Canberra?

Mr. GREGORY.—No. I intend to speak about Canberra in a moment, or two.

Mr. AUSTIN CHAPMAN.—I shall point out that we have no right to have a biased Chairman on the Public Works Committee inquiring into Federal Capital matters.

Mr. GREGORY.—The remark is grossly unfair. All who have studied my work on the Committee will acknowledge that I have done my best to secure for the information of Parliament clear and correct recommendations on the proposals referred to it for investigation.

Mr. AUSTIN CHAPMAN.—You admit that you are biased.

Mr. GREGORY.—I do not. For two years I fought in this Chamber—I am glad to say successfully—against the expenditure of between £2,500,000 and £3,000,000 on the establishment of an

arsenal at Tuggeranong, which, as I have said, would be a magnificent site for a monastery, though I cannot understand how an engineer could select it for an arsenal. I am told that the wicked waste which the establishment of that arsenal would have involved has been prevented.

Mr. AUSTIN CHAPMAN.—If that is the opinion of the Chairman of the Public Works Committee he must be pretty biased.

Mr. GREGORY.—Let me add that after I became Chairman of the Committee reference was made to it of a proposal for the construction of a railway to the arsenal site, and the Committee reported in favour of the work. There was no bias there. If the arsenal was to be constructed the railway was essential.

Mr. AUSTIN CHAPMAN.—This is a terrible confession for the Chairman of the Committee to make.

Mr. GREGORY.—The honorable member has always gone out of his way to promote the interests of the Federal Capital, and to induce Parliament to give earnest consideration to the subject, and he has been fairly successful in getting money spent there. But I resent his imputation that I am biased in regard to Canberra. I do not think that honorable members, generally, agree with him.

I again suggest that we should have some statement or promise from the Government in regard to the Tariff. The procedure here is somewhat different from that in the State Parliaments. There, when members make a request before items of the Estimates are passed, a short statement is made by the Premier, or some other Minister, who either promises or refuses to deal with certain matters; and I think we ought to have a promise that there will not be undue delay in dealing with the Tariff. A new schedule has been introduced which imposes very high duties on many of the goods necessary in primary industries.

Sir JOSEPH COOK.—That new schedule is bringing in some revenue that I badly need.

Mr. GREGORY.—We ought to be told whether the present is a revenue or a Protective Tariff. However, I shall not discuss the matter further than to say that, at the earliest possible moment, the schedule should be submitted for our consideration.

Sir JOSEPH COOK.—Let me say at once that I think—indeed, I am almost certain—the Tariff will be amongst the first business when we meet again.

Mr. GREGORY.—I am glad to hear that statement. However, I rose particularly to speak in regard to taxation. We know that further taxation will be necessary; but the incidence of taxation is decidedly and grossly unfair. When we heard the statements made to-day in regard to the drought in New South Wales and Queensland, we realized how disastrous the conditions of Australia are at the present time. Those men who, probably, are being ruined in their endeavours to find fodder may be receiving notices from the Income Tax Department demanding taxation on profits made the year before, and, it may be, 75 per cent. as war-time profits tax made the year before that. As soon as possible, the House should insist upon the appointment of a Finance Committee. It is a pity the Public Accounts Committee does not deal with financial measures submitted to this House. Such measures should be submitted to a Finance Committee, and the members of it ought to be selected from those who have had special financial training, and who should take evidence in regard to the incidence of taxation. Let me cite cases that I have mentioned before to honorable members. Let us, for instance, imagine two men who are left £10,000 each; one has a love of the bush, and immediately on receipt of his money goes out into the Never-Never, and takes all the risks of drought, fire, and flood. He spends his £10,000 in developing his property, and, possibly, borrows another £10,000 for the same purpose. Prior to the war, that man never made a sixpence of profit. I may say that I am citing special cases which have come under my notice. Every year prior to the war that man showed an absolute loss. In the first year of the war he showed a book profit, not a cash profit, of £1,200; and in the next year, with £20,000 invested, he showed a book profit of £4,800. In spite of this, however, every year prior to the war he had been losing from £500 to £800, and there was always a risk that the next year he might lose every penny through drought. This man was called upon to pay land and income tax, and £2,750 in war-time profits tax; while his neighbour, who had probably been mak-

ing £15,000 a year in the same industry, but who had a pre-war standard to that amount, was not called upon to pay sixpence. Now, let us take the case of the other man, with £10,000, who declines to expose himself to any risk or responsibility, but puts his money out on mortgage, and is sure of an income of anything up to £700 a year for life. In addition, such a man may start as a commission agent or broker, and, whilst the pastoralist or grazier has been making £4,800 a year, this other man may have made £20,000 or £40,000 in commissions. Yet this latter man does not pay a penny in war-time profits tax, because he made his money with his brains. It is a scandal that there should be such a measure on our statute-book, because, under its provisions a man who develops this country and produces wealth, may have to sell his property in order to pay taxation. Although, under our taxation measures, the Commissioner has power to give concessions in case of drought or heavy losses, such concessions are not made. However, I shall not go into details, for I shall have another opportunity of dealing with taxation matters. I may say, however, that the Government have not yet appointed a Board, as provided by our law, to which appeals can be made in cases where taxpayers are not satisfied with the decisions of the Commissioner.

There is another taxation matter to which I should like to refer. When we passed the Entertainments Tax Act, I am certain that honorable members thought it was for the purpose of making liable those who carried on amusements as a business. When I was travelling in the back country, some 300 miles from the city, in Western Australia, I had many complaints in regard to claims for payment of the amusement tax by fire brigades, churches, or soldiers' entertainments committees, on the ground that they had promoted entertainments for admission to which a charge was made.

Mr. TUDOR.—I do not think churches have to pay the tax, though they have to obtain permission to hold the entertainments.

Mr. GREGORY.—In one place I visited I found that the Catholic priest had been summoned for holding an entertainment without a permit, and notices had been sent out to the people, including Roads Boards, to the effect that they must not let their halls for entertainments until

permits had been obtained. This seems an absurd law, for many places have only a mail a week, and it takes three or four days for letters to reach the authorities; yet at the same time those who do hold entertainments without permits are liable to a fine of £50.

Mr. JAMES PAGE.—The Taxation Department has been taken down by fellows in the bush, who are not so guileless as the honorable member would make out.

Mr. POYNTON.—A number of race meetings have been involved.

Mr. GREGORY.—If the honorable member for Maranoa (Mr. Page) was under the impression, when the Entertainments Tax Act was passed, that it applied to every little entertainment in the back country, he had a very different idea from that which I had. All these cases to which I am alluding show the absurdities of the administration, which is particularly stupid in the case of hamlets with a population of 100 or 150, who certainly cannot be accused of making large profits on the entertainments they promote. There is no necessity for the restrictions on people outback who do not promote amusements for profit; and I hope an amendment will be made in the Act restricting the application of the tax.

Mr. JAMES PAGE.—I find the Taxation Commissioner pretty liberal.

Mr. GREGORY.—Perhaps the honorable member goes to see the Taxation Commissioner?

Mr. JAMES PAGE.—I do.

Mr. GREGORY.—I do not, because I do not regard it as part of my duty.

Mr. JAMES PAGE.—My constituents send me here to see after their interests.

Mr. GREGORY.—I do not go to see the Taxation Commissioner, and I object to persons using political influence.

Mr. JAMES PAGE.—It is not political influence.

Mr. GREGORY.—It is a class of influence I resent. The law should be the same for all persons, and not only for those able to get members to race round Departments on their behalf.

Mr. JAMES PAGE.—If my constituents are dissatisfied, they send me a shilling wire, and I get them satisfaction.

Mr. GREGORY.—There should be one law for all; and my way is to see a Minister, and not officers of any Department, particularly the Taxation Department.

Mr. AUSTIN CHAPMAN.—Why should not a member interview a public servant if he wishes?

Mr. GREGORY.—On certain matters, yes; but not on matters of taxation. If the honorable member thinks it right to go behind the backs of Ministers in such cases, I do not agree with him. I now desire to refer to the expenditure of the Defence Department, which is increasing since the end of the war. I do not desire to cast any reflections, but it is essential for Parliament to come to an early decision in regard to our Defence policy, so that the Department may be able to carry on its work on definite lines. Large sums are being expended on the erection of buildings for the housing of material which is coming from the Old Country. Although the greater portion of war equipment was purchased in the early stages of the war, I hope that the Government will insist as far as possible on no new purchases being made to increase the stores that are coming in. These stores, I suppose, must be worth some millions of pounds, and the housing for them cannot cost less than £300,000.

Mr. BOWDEN.—What about the storage at Liverpool?

Mr. GREGORY.—It could not be utilized for the purpose to which I am referring. The Public Works Committee visited Liverpool on Saturday afternoon, and, in my opinion, it would not be possible to care for the equipment without the erection of the proposed buildings there. However that may be, the Government should do all it possibly can to reduce the quantity of goods being sent out, and to insist that no new material shall be manufactured. I believe it is the intention of the Department to spend something like £40,000 in building a laboratory. That will be in conjunction with the construction of an arsenal. I have always held that the Government should have control, as far as possible, of the manufacture of all its war material, and that everything should be of the very best quality. The Defence Department has always been an extravagant Department.

Mr. AUSTIN CHAPMAN.—What has the Minister to say to that?

Mr. GREGORY.—Ministers may be ill-advised. The Government, for example, spent a huge sum in the construction of an aerodrome at Point Cook.

Mr. AUSTIN CHAPMAN.—A pretty considerable sum of money was spent on certain public works in Western Australia, was it not?

Mr. GREGORY.—If the honorable member wants to make a burlesque of this debate, well and good.

Mr. AUSTIN CHAPMAN.—You are saving me the trouble.

Mr. GREGORY.—I do not think that would be at all possible. At any rate, I am not tied in my politics to the one little corner of Australia bounded by the Federal Capital site. The honorable member is so aggrieved at my criticism of various matters associated with Canberra, and with proposed expenditures in the Federal Territory, that he can do no other than endeavour to make the whole of this debate a burlesque. I was remarking that a big sum of money had been spent upon the construction of an aerodrome at Point Cook. Now, I understand the Defence Department is considering the purchase of land at Geelong for the construction of an aerodrome. Apparently, some one has blundered in having advised the outlay of such a large amount at Point Cook. If the Government is going to spend between £40,000 and £50,000 upon a laboratory in connexion with an arsenal the sooner this House is advised upon its policy in this matter, and in respect to the amount of money proposed to be expended, and concerning the site on which the laboratory is to be erected, the better.

Mr. POWDEN.—The site was fixed in the Federal Territory.

Mr. GREGORY.—That is not so. The Tuggeranong site has been rejected. It was altogether too stupid a proposition. I think I am safe in saying that it has been definitely decided that the construction of an arsenal there is not to be proceeded with. In various directions we have witnessed a great deal of useless expenditure on the part of the Defence Department, and it should be for this House to say whether the Defence Department shall have exemption from the investigation of its proposed works by the Public Works Committee.

Another matter to which I desire to refer has regard to the policy of the United States Government in the direction of assisting production. I believe that we shall have a considerable influx of population from the Old Country in the near future. We should be able to

favorably settle very large numbers. We do not want them brought into the cities, however, but to be placed successfully on the land. At the beginning of the entry of the United States into the war, the Government of that Republic made a grant of some £7,000,000 annually for the construction of roads through the various States. It did so on the assumption that the building of good roads would tend to increase settlement, and to decrease the cost of living. The Commonwealth Government might well consider the matter of granting assistance in the construction of main roads through the various Australian States. In future, much greater prosperity will be due to the construction of good roads than to the building of railways. With the aid of the oil tractor, men on the land will be able to go out further from railway communication than has been possible hitherto. The policy of the Government of the United States of America has specially appealed to me. I know, of course, that this is not the time to look to the Commonwealth Treasury for the disbursement of large sums of money. Yet this matter of State-wide road construction is one which might well be considered if the Government is really anxious to establish a greater population in country districts.

Mr. BOWDEN (Nepean) [5.11].—I regret to have to listen to the remarks of the previous speaker concerning the Federal Capital. I think the time has come when this House should decide once for all to complete the construction of the Capital and hasten to meet in Parliament there.

Mr. JOWETT.—What about deciding once for all to stop the whole thing?

Mr. BOWDEN.—That should have been done years ago before this Parliament was formed. But seeing that the various States, including Victoria—from which the greater part of the present opposition to Canberra emanates—agreed that the Capital should be constructed in New South Wales, it is fair now to ask that the terms of that promise shall be honoured. After twenty years one begins to doubt whether the promise was made in earnest. About eight years were occupied in deciding upon the site of the Federal Capital, and from that period to this the subject has been bandied about and every conceivable excuse for delay has been

seized upon. Nevertheless, much preliminary work has been done. A good deal of money has been sunk at Canberra.

Mr. JOWETT.—That is a good word.

Mr. BOWDEN.—I mean to say, invested. And, by the way, if the Commonwealth were to allow private individuals to build the Capital, I am sure the honorable member for Grampians (Mr. Jowett) would be among the first to spend some of his wealth in purchasing shares in such a profitable investment.

Mr. JOWETT.—The honorable member should not impute unworthy motives.

Mr. BOWDEN.—I do not; I merely imply a compliment to the honorable member's business acumen. At any rate, I hope that when the honorary treasurer of the Empire Parliamentary Association gives his next dinner that function will be held at Canberra. I do not think New South Wales has been treated at all fairly in the matter of the Federal Capital.

Mr. JOWETT.—We want the Federal Capital in Sydney.

Mr. BOWDEN.—Representatives of New South Wales are not anxious for that. The Constitution is quite emphatic upon the point. The honorable member for Dampier (Mr. Gregory), who represents a Western Australian constituency, will, no doubt, recollect that a former distinguished representative of another Western Australian division—I refer to the late Lord Forrest—pleaded hard that, a certain promise having been made to Western Australia contingent upon her coming into the Federation, that promise should be made good by the Federal Parliament authorizing the construction of the transcontinental railway. Such an undertaking, however, was not part and parcel of the Federal Constitution. Yet this Parliament honoured that which Mr. Deakin had said was a promise. In the interests of the Commonwealth, the Canberra project should be brought to fruition. The Constitution provided that New South Wales should furnish a grant of land upon which to lay out the site of the Federal Capital. New South Wales granted, not merely the 100 square miles implied in her bargain, but 900 square miles.

Mr. POYNTON.—It is news to me that New South Wales gave 900 square miles.

Mr. TUDOR.—All that New South Wales gave was the Crown land within that area.

Mr. BOWDEN.—All she was required to give was an area of not less than 100 square miles. New South Wales presented the Commonwealth with all the Crown lands on an area of 900 square miles; and then she furnished a port so that the Federal Capital should not be dependent on Sydney. Further, she gave to the Commonwealth rights in respect to the railway running from Canberra to Jervis Bay. Next, the point was raised that there was no power supply for the Federal Capital, whereupon the New South Wales Government signified its willingness to allow the Commonwealth to utilize the waters of the Snowy River to that end. The latest argument for delay is that there is no money available. In reply to that, New South Wales will find the money if the Federal authorities cannot do so. All the preliminary work at Canberra has been done. A water supply has been provided; the electric power is there; brick-works have been established; roads have been made; a railway has been constructed into the territory; administrative buildings have been reared; and it is time now to go ahead with the completion of the great design. I might say that while the Federal authorities have provided office and residential buildings for administrative officers and clerks, they have so far furnished no residences of any kind for the working men engaged in the Territory. Numbers of them are still living in the bag "humpies" which were put together ten years ago or more.

Mr. BAMFORD.—What are those men doing there?

Mr. BOWDEN.—The employees at Duntroon are all provided for there. They do not all live at Duntroon, for there is not accommodation for all of them. Some are required to trudge 4 or 5 miles from the Military College site to the former German internment camp, in order to secure accommodation. The men in the powerhouse, the maintenance men on the roads, and other workers are living in bag humpies or in anything they can manage to run up. Some of their dwellings are built out of kerosene tins. Anything is good enough for the worker; but most elaborate residences have been provided

for the administrator and the administrative officers.

I wish also to refer to a matter in connexion with the administration of the old-age pensions. If a man or woman in receipt of an old-age pension is obliged to go into a benevolent institution, 13s. out of the pension of 15s. per week is paid to the State Government, the odd 2s. going to the pensioner for pocket money, being spent mostly on tobacco in the case of the man, or on such comforts as tea, peppermints, and a little tobacco in the case of the woman. However, 2s. payments are so small that the Department often allows them to accumulate from month to month. Sometimes it is five or six months before a payment is made. In one case one old man had his payments postponed so long that he ultimately drew £2 or £2 6s. at one time. Another serious matter is the fact that inmates of these institutions who cannot get out because they have no homes to go to, so that they may qualify for the payment of the old-age pension, do not receive the allowance of 2s. per week.

Mr. BAYLEY.—The honorable member is referring to those people who went to the institutions prior to the passage of the Invalid and Old-age Pensions Act.

Mr. BOWDEN.—No. It applies to all inmates who had not the pension before they entered the institution. If a person applies for an old-age pension, he is often told that it cannot be granted to him because he will be better cared for by entering the institution. Where persons already in an institution can go to some place where they can board while qualifying for the old-age pension, it is the general practice for the application forms to be filled up in the institution, and then the inmates go outside for about a month and get their applications granted. Subsequently they return to the homes, and are able to draw the allowance of 2s. per week. Those who have no quarters outside the institutions where they can board, pending an application for a pension, and inmates of hospitals who cannot get out of the institutions because of infirmities, do not get this assistance from the Federal Government.

Mr. POYNTON.—Do we do anything to prevent the States from giving these people the 2s.?

Mr. BAYLEY.—But why should the amount be paid to some and not to others?

Mr. BOWDEN.—Under the present system only some old persons in these institutions draw the allowance of 2s.; others do not.

Mr. POYNTON.—According to the honorable member's statement they are getting it fraudulently by leaving the institutions for a week or two, and then returning to them.

Mr. BOWDEN.—If a magistrate appointed by the Commonwealth Government for the purpose grants their applications for pensions they are entitled to the allowance. To persons who are bedridden in an institution an allowance of 1s. or 2s. per week is of very great importance. Because of the diseases from which they suffer they frequently require the attention of other inmates, and the allowance enables them to pay for this attention. Without the allowance they very often have to go without the attention. Inmates are certainly provided with three meals a day, but they get none of those little comforts, such as tea or tobacco, if they are not able to purchase them. Those patients who draw the allowance of 2s. per week can do this, but others can get nothing, and they feel it an injustice. They cannot grasp why there should be this difference between one inmate and another. Both are inmates of the same institution, yet one draws 2s. per week from the Commonwealth, and the other draws nothing. In my opinion, they ought all to be placed on the same footing. Even if we are not paying the States the 13s. for those inmates who do not draw the 2s. per week, I think we ought to make these old men and women this small allowance, which would go such a long way towards comforting them in their last days.

Now that the war is over, I think that the time has arrived when the Public Trustee should be instructed to wind up the matters intrusted to him, and pay the men who are entitled to the money he has in hand for them.

Mr. JAMES PAGE.—Do you refer to the money of aliens?

Mr. BOWDEN.—Yes. At the outbreak of war we took the property of all aliens, and administered it. We have now released these aliens from internment, and some of them have left Australia, but others have been permitted to remain

here. I can see no reason for keeping their money in trust any longer. They have been put off from month to month, but there seems to me to be no reason why the Commonwealth should not wind these matters up.

As the Randwick rifle range has now become too small for rifle competitions, the Government have decided that the Anzac Rifle Range at Livenpool shall be the main rifle range for New South Wales, and the National Rifle Association of that State will hold a big meeting there in October next. With the exception of the Bisley meeting, it is the largest held in the Empire. Teams from all the States and from New Zealand, Great Britain, and probably Canada, will compete, but unless work upon the range is put in hand at once it will not be ready for the meeting, and great confusion will arise. I urge the Minister to expedite the work so that the range will be ready in time for the meeting.

Dr. EARLE PAGE (Cowper) [5.34].—I shall take this opportunity of bringing forward some proposals which will show that the vote we gave last week, and which I trust we shall give again this week, in regard to the allowance to members of this Parliament, was justified by reason of the savings that they effect in the Commonwealth's expenditure. For a moment or two I wish to direct attention to the control of the expenditure and revenue of the Post and Telegraph Department, the biggest revenue-earning activity controlled by the Commonwealth. Now that eleven months of the year have gone, it is hopeless to expect any reduction of expenditure on these Estimates or alteration of any of the items, but I trust to be able to put forward some suggestions in regard to the preparation of the Estimates for next year which will be fruitful of increased revenue for the Commonwealth. The history of every Postal Department throughout the world is that increased facilities have resulted in a proportionate increase in revenue. By increasing the services to the public, we multiply the facilities to the people, and a greater volume of business is created. For instance, when it cost 2s. 6d., and, later, 1s., to send a letter through the post, very few persons posted letters, but when Mr. Rowland Hill se-

cured the adoption of twopenny postage the volume of correspondence increased enormously, and the Post Office became a profitable institution. The same sort of thing is happening in regard to the post-offices throughout Australia. The figures quoted by Mr. Webster in the report of the Postal Department for the year ended 31st December, 1919, show that, during the nineteen years of Federal control, each extension of facilities has led to an increase in the profits earned by the Department. At the outset, I protest against the policy which, during this year, has caused the closing in one State alone of nearly 300 allowance post-offices.

Mr. JAMES PAGE.—That policy is to be altered for the next financial year.

Dr. EARLE PAGE.—I hope so; but I am speaking before the preparation of the new Estimates in order to make sure that the matter is not overlooked. It has been pointed out that, although many of the services of the Postal Department are non-paying in themselves, they act as feeders, and add materially to the total profit made, and if we eliminate those facilities sooner or later the entire profit will disappear. The history of almost every telephone line and postal service ever inaugurated is that, in the first couple of years it did not pay, but gradually it became reproductive. By refusing to erect telephone lines in the country districts, the Department is only delaying the time when the telephone services will become profitable. To secure the best results in the Postal Department we require real economy, not that economy which is represented by the reduction of the salaries and status of officials, but economy by the proper organization of the whole machinery of administration. We should increase the business and revenue-earning capacity of the Department in every possible way, and to do that there should be a definite policy wisely conceived and intelligently directed with a full knowledge of the conditions obtaining in Australia and elsewhere. It seems as if in Australia we lack such a policy, because when I asked the Postmaster-General last week whether there was any definite system of interchange of highly technical officers with other countries, he replied that there was no settled policy. Sir Robert Anderson, in a report on the postal ad-

ministration, which he submitted in 1915, said—

SENDING MEN ABROAD FOR EXPERIENCE.

The supply of engineers for some years has been short, and this shortage seems to have arisen from two causes—

- (a) Insufficient pay offered to induce good men to come in, and
- (b) want of appreciation of men with scientific attainments.

It being necessary that we should have the latest information that the world has to offer, and desirable that we should have it regularly, a plan preferable to importing men would seem to be to send our likely men abroad. While this is obviously necessary in the case of engineers, it would pay the Department well to send promising men from every branch of the Service—Accounts, Clerical, and even General Division (sorters and mailmen). The information they would gain, applied to their knowledge of local conditions and necessities, would be of value far in excess of any cost incurred in obtaining it.

I understand that a certain telephone device, in regard to which there is a certain amount of doubt, if installed between Sydney and Melbourne at a cost of £14,000 or £15,000, would result in an increase of the revenue on that line by £15,000 per annum. This proposal is being held in abeyance owing to lack of personal experience of its working, and a suggestion to completely duplicate the line at a probable cost of £100,000 is being considered as an alternative. That is due simply to the fact that there is no settled policy in the Postal Department for the interchange of technical experts with the Departments of other countries. In the medical profession, such an interchange is absolutely essential. If a doctor cannot go overseas every five or six years, or get into close contact with men who have been overseas to acquire universal experience, he becomes backward in his profession. I know of motor engineers who, although they have only small businesses, go abroad every five or six years in order to study the conditions in America and other manufacturing countries. I understand that a Melbourne electrical company has a man always travelling abroad, in order to keep his principals abreast of the times in regard to lighting systems. But in the Postal Department, which has a revenue of about £6,500,000 per annum, there is no settled policy of this kind to achieve more efficient and cheaper services and increased revenue for the Department. In fact, in respect of the whole Depart-

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ment, there has been always a striking lack of any broad-minded policy. Ever since the Department was taken over by the Commonwealth, the various State systems have been maintained, and in each State the Department is controlled by a Deputy Postmaster-General, almost as if it were a water-tight compartment, with no connexion with other States. Because of that, we have such anomalies as places like Murwillumbah, on the Tweed, which is less than 100 miles from Brisbane, being controlled by the Deputy Postmaster-General in Sydney, which is several hundred miles distant; and the Riverina being administered from Sydney instead of from Melbourne, to which it is a great deal closer. The Deputy Postmaster-General, being so remote from these places, is unable to give personal attention to their requirements, or to acquire an intimate knowledge of the needs of the people. As a result, little progress is made. Furthermore, the circumlocution which has been deplored by every Commission which has ever inquired into the administration of the Postal Department is rendered inevitable by continuing the policy of working the post-offices as State activities, instead of as a uniform Commonwealth Department. In regard to this matter, Sir Robert Anderson said—

Prior to Federation the States of Australia were working under separate and distinct postal laws and regulations. In each State the internal organization of the Department differed in many respects, and postal, telephone, and telegraph rates varied. The Federal Post and Telegraph Act was a compromise of the various State Acts modelled by a conference of State representatives. It provides for a permanent head (the Secretary), in whom, under the Postmaster-General, the control of the Department is vested, and also provides for a Deputy Postmaster-General as the principal officer in the Department in each State, but the organization of a Central Administration is not defined. No provision was made in the Act to alter the States' internal organization, and no definite action seems to have been taken to uniformly organize and define the functions of the various officers of the Central Office and of the States. The Central Administration dictates matters of policy to the States, but it possesses no machinery to insure its instructions being carried out. It interferes with rather than rules the States, hence lack of uniformity in working.

That is the position throughout the Commonwealth. The system we are operating is Federal only in name; it is still a State activity in its operations. The undoubted inefficiency of the Department

in certain directions is often quoted as an instance of Federal mismanagement, but it is nothing of the sort; it is an instance of the persistence of State anachronisms in Federal machinery. In addition to the handicap of continuing the State organization which is the cause of so many faults, the Post Office has been regarded, ever since the beginning of Federation, as the milch cow of every other Department. In the first few years of Federation, it was starved continuously. Sir Robert Anderson in his report of 1915 said—

During the first ten years of Federation a false economy seems to have been the order of the day in the Public Services, the object being to pay as large a sum as possible to the various States under the financial provisions of the Constitution, and it was certainly overdone. The inevitable happened—the Department was starved.

He went on to relate exactly what took place. During the last ten years, a similar policy has been pursued, and in the last report of the Department, Mr. Webster complained bitterly of the manner in which he was treated in respect of the allocation of public funds to enable him to carry on his operations. Not only was he refused extra grants, but he was also deprived of the fruit of his own husbandry. Under the heading of "The Systematic Starvation Policy," he said, in his report of 31st December, 1919—

Inasmuch as I have been subjected to much misrepresentation and unjust criticism regarding the developmental work of the Department, I deem it my duty to place on record in this report some striking facts, as set out in the following statement. The delay and intermittent doling out of inadequate sums, apart from the systematic cutting down on the bed-rock estimates of the Department, is mainly responsible for the position existing to-day, and which must be seriously accentuated in the immediate future. Unfortunately, such defects cannot be remedied quickly, as it will take months before the necessary equipment and material can be procured, much less installed. Meanwhile, the public services must inevitably suffer. I have repeatedly appealed for more liberal and business-like treatment, as the files will show, and have pointed out what would be the inevitable result of the starvation policy. Such appeals mainly fell upon deaf ears. As the table shows, the greater the needs the less the allocation. Such delays and curtailment almost spelt disaster. Expedients and make-shifts, ever costly and unsatisfactory, have had to be adopted. Serious loss of revenue is part of the penalty we have to pay. This loss increases day by day, and is the result of the systematic starvation policy.

I ask honorable members to remember the second last sentence,

"Serious loss of revenue is part of the penalty we have to pay." Those are the views held by the Postmaster-General after an experience of four years in the administration of the Department. They bear out my statement that the Department, if properly managed and administered, according to an intelligent, well-conceived policy, would return a much greater profit. During the past two years the receipts have exceeded the expenditure, but there is still need for the best business management. At present, there is the Central Administration Branch, controlled by the Postmaster-General, and the principal permanent head, the Secretary to the Department; and in each State there is a Deputy Postmaster-General, and, associated with him, certain experts. Although the State of New South Wales is half as big again as Germany or France, the Deputy Postmaster-General in control of it cannot spend on his own authority more than £1,000, and the electrical engineer for the State cannot authorize the spending of more than £25. The State is divided into divisions, which are supervised by inspectors, and these, again, cannot spend more than £25, although some of the divisions are practically as large as England. Assisting the postal inspectors are engineers, but the boundaries of the engineers' districts do not coincide with those of the postal inspectors' districts. The engineer is not allowed to spend without authority more than £5 on any work coming under his control. Every honorable member is conversant with the delays and annoyances that arise out of this system of management. Members are lucky if when any application from a constituent passes through them to the Department, it is finally dealt with before sixty or seventy minutes have been written about it, and the result is then probably a statement that the necessary material is not available. Let me quote again from Sir Robert Anderson's report—

The functions of the Department in each State are divided into branches, each controlled by a senior officer, and, as the duties and responsibilities of these senior officers are not clearly defined or co-ordinated, where the Deputy is not strong and competent, supervision is apt to become lax and the work, therefore, inefficient. The lack of co-

ordination amongst the officers results in circumlocutory methods, entailing endless and costly delay. In the anxiety for self-protection, inter-communications, including references from one room to another, and even from table to table in the same room, are done on paper. Generally speaking, short-cut or business methods are absent, probably because the system followed shuns responsibility. As a common instance, an application for a new telephone line may be subjected to no less than thirty-two handlings.

After the papers have gone through thirty-two hands, they are decently interred in the General Post Office Records Branch. There have been cases in which, after the people of a district had become tired of waiting for a telephone line, the Department awakened to the fact that it should be erected, and then discovered that it had been approved of four years earlier. My opinion is that Australia should be treated as a whole, and I cannot understand why the Labour party, when in possession of the Treasury bench, did not give effect to a policy of unification in postal administration. The artificial State boundaries should have been disregarded, and approximately equal divisions should have been agreed upon, which would have allowed of greater efficiency in the working of the service, and would have avoided the severe criticism of the Department with which the newspapers have been full during the past few years. Big centres like Sydney and Newcastle, whose postal, telephonic, and telegraphic requirements are very great, should not have a large area of surrounding country attached to them as part of their postal division, and in dividing up the States generally, care should be taken to equalize conditions as regards the quantity of work as far as possible, so as to secure economy, efficient control, and a certain amount of useful rivalry. No useful postal comparison could be made between New South Wales and Tasmania, but, under the system of divisions which I advocate, useful divisional comparisons could be made in regard to working costs and conditions generally, and wholesome rivalry would be promoted. Civilization has been defined as communication, and if this country is to be properly settled, this or some other Government must improve its means of communications. There should be in charge of the Postal Department a general business manager, chosen for his commercial ability and experience,

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and his business acumen. It is absurd to say that, in Australia, where there are such large businesses as that of the Broken Hill Proprietary, Anthony Hordern and Company, and many others, a man of the necessary capacity could not be obtained. Of course, he would have to be well paid. Associated with him should be the best technical experts, who should be allowed to travel in the way I have referred to, and in accordance with the recommendations made in Sir Robert Anderson's report. The practice and policy of the Department should be standardized throughout Australia. Furthermore, an expert should always be travelling abroad to pick up ideas and suggest improvements, and useful inventions should be encouraged. In place of the Deputy Postmasters-General there would be general divisional managers, men of practical business experience, less highly paid; and associated with them, postal and engineering experts. These local general managers should be allowed to authorize expenditure to the amount of the average expenditure on ordinary works within their divisions. The divisions being small, they would have an opportunity of making themselves perfectly acquainted with their conditions and requirements, and could properly and personally supervise their postmasters and other officials. Under these circumstances, a great deal of the writing of minutes that now takes place would be avoided, and there would be a continual devolution of responsibility and power. I think that the postmasters should be allowed to spend more freely, with proper checks. We waste more money by the ridiculous safeguards which are set up to prevent pilfering than is saved by them. The Deputy Postmaster-General of New South Wales has never, so far as I know, visited my district, and is certainly not able to determine from personal knowledge whether proposed works should, or should not, be carried out there. His area is too big to permit him to know the State thoroughly. Quite recently an allowance office, which had been open for fifty years, and serves 200 persons, has been closed because its revenue is a few pounds short of what is necessary to secure for the person in charge a decent remuneration. A more elastic administration, based on personal

knowledge, would have kept it open. In addition to the improvement of its organization, the Department needs a sinking fund to enable works to be carried out expeditiously and with continuity. It cannot make bricks without straw. Mr. Webster, in his report, states definitely that he had great difficulty in obtaining money from the Treasurer. He suggested the creation of a trust fund to enable the Department to undertake a continuous policy of construction unhindered by the "wait-and-see" methods of the Treasury. On this subject he said—

In order to meet the demands of the public, a programme of works was arranged for 1919-20, which was to cost about £1,270,000. This amount would cover such work as could be performed within the year if money were available from July to June, but would not cover the arrears of former years. Even this sum the Treasurer insisted upon reducing to £564,000. As the estimate was very carefully prepared, and included only works which were absolutely necessary to meet public requirements, it is obvious that the reduced amount will be insufficient, and must inevitably result in increasing the proportion of applications for service which must be refused—already about one in ten have been refused. This will mean a serious loss of revenue to the Department, a substantial increase in maintenance cost, and the dismissal of temporary officers—many of whom are returned soldiers—to say nothing of the inconvenience to the ever-increasing number of people who are unable to obtain telephone service.

The action of the Treasurer in refusing funds for new works places this Department in a very embarrassing position, especially in view of the fact that we hold a monopoly of this important public service, which is a commercial necessity. Our officers are at a loss to find a suitable excuse to offer prospective subscribers when refusing to provide service for them. The old plea that material is unprocureable is met with the very reasonable answer that it is over twelve months since the Armistice was signed, whilst it appears ridiculous to argue that we have no money for new telephones, in view of the fact that the telephone service is now returning a handsome profit.

As an instance of the false economy brought about by the refusal of funds, certain trunk lines are held over, although it is estimated that their construction would return a handsome profit from the date the services could be put into operation.

The **TEMPORARY CHAIRMAN** (Mr. Watkins).—The honorable member's time has expired.

Mr. LAZZARINI (Werriwa) [6.5].—I should like to refer briefly to an obvious injustice that has been done to old-age

pensioners who, through force of circumstances, are compelled to enter institutions. When the pension was 10s. per week the institution in which an old-age pensioner found a refuge was allowed 8s., and the pensioner himself 2s. for pocket money. Then the pension was increased to 12s. 6d., and the institution's allowance was raised from 8s. to 10s. 6d., leaving still 2s. for the old person. To-day the pensions have been increased to 15s., and the institution still gets only 10s. 6d., and the pensioner 2s., while 2s. 6d. is held over. It was the intention of the Department, I believe, to allow this 2s. 6d. to go to the institution, and I believe that that is to be done.

Mr. BURCHELL.—Last session, when the Invalid and Old-age Pensions Bill was before us, I moved that 12s. be given to the institution, and 3s. to the pensioner, in order to make it four-fifths of the amount for the former and one-fifth for the latter.

Mr. LAZZARINI.—I hope that will be done, but I am informed on good authority that it is the intention to continue the allowance of 2s. to the pensioner, and give the extra 2s. 6d. to the institution.

Mr. BURCHELL.—I sincerely hope not.

Mr. LAZZARINI.—This 2s. is intended for pocket money, to allow the old men and women to buy tobacco and other little luxuries they may desire. I remind honorable members that tobacco has been considerably raised in price, and that it constitutes one of the main comforts of the old men in their declining years. I do not think the Department should be niggardly in this regard, and I hope that the suggestion of the honorable member for Fremantle (Mr. Burchell) will be carried out—at any rate, that an extra 1s. will be given to the pensioner.

There is another matter connected with the invalid pension that requires ventilating. About 1912 it was laid down by the Department that £1 per adult and 10s. per child was a reasonable allowance in respect of wages and salaries in computing the pension. That allowance is now altogether inadequate, and an injustice is being done to these afflicted people. I do not wish to labour the question, because I realize that those in control are just as anxious to do right as I believe every honorable member is; but I must say that a family which has the misfortune to have an invalid pensioner

in it should be granted a larger allowance before the pension to the invalid is affected. The allowance, I think, should be increased to at least 26s. or 30s., and at least 1s. more granted as pocket money to the old-age pensioner, though, in my opinion, the amount should be 2s. 6d.

Mr. MATHEWS (Melbourne Ports) [6.10].—During the debate on the Anglo-Persian oil agreement a number of members expressed concern as to whether the search for oil in Papua had been carried out in a satisfactory manner. In this connexion I have received from Darwin a letter, written by a friend of mine who has been in Papua, and I think honourable members ought to know how the position is regarded outside this House. My friend in his letter says—

In the local papers at Port Darwin a paragraph appeared worded in this style—"There are ugly rumours through the Northern Territory re Dr. Wade and oil operations. It is asserted that Dr. Wade is in receipt of the same amount from the Vacuum Oil Company not to find oil as he is from the Government to find oil."

That is a terrible statement to be made. The extract goes on—

"Why is it that as soon as oil is struck Dr. Wade packs up, and makes for fresh fields, and why was it one American in his party left because it was a 'crook' business? If this paragraph is untrue we will be glad to have and publish Dr. Wade's denial."

It is generally understood that these investigations in New Guinea have not been carried out in the way they ought to have been. Last night a Minister, while not endeavouring to belittle Dr. Wade in any way, said that, while that gentleman may be a great scientist and geologist, he is not a business man. The trend of opinion is that there is something "crook," or, if not "crook," something that indicates a necessity for investigation. Rumours of the sort ought to be contradicted. The next statement in the letter is a very remarkable one—

Also it is asserted that in German New Guinea oil at the rate of 40,000 gallons an hour is flowing out to sea.

Mr. JAMES PAGE.—Where did the honourable member get that information?

Mr. MATHEWS.—It is published in a Darwin newspaper, and I have been given the information in a letter from a friend of mine—

This oil business agreement has not a healthy look, has it? Mr. Hughes knows about the 40,000 gallons.

Mr. BURCHELL.—How does the writer know that the Prime Minister knows of the oil running?

Mr. MATHEWS.—I suppose that the writer is referring to Mr. Hughes as head of the Government, and that the information is in the possession of the local officials. I do not know whether the Minister in charge of the House (Mr. Poynton), who is not the Minister of the Department concerned, has heard any rumours to that effect.

Mr. POYNTON.—This is the first I have heard of the matter.

Mr. MATHEWS.—I admit that it is the first I have heard of it.

Mr. JAMES PAGE.—It cannot be true.

Mr. MATHEWS.—That is quite possible; incorrect statements are very often made. But we have heard that German New Guinea is richer in oil than is British New Guinea; in fact, the Germans have declared that that was our reason for desiring to possess the former German territory.

Mr. POYNTON.—The prospects there may be brighter than in Papua, but no discovery has been made there yet.

Mr. MATHEWS.—There may be some exaggeration, but the matter certainly ought to be inquired into, and denied if untrue. The movements of Dr. Wade spoken of may be due to the fact that, when he has made a discovery, he goes out looking for further evidence of oil. However, the whole oil question is one about which people are talking in a most peculiar way. Now that the agreement with the Anglo-Persian Oil Company has been assented to, we ought to have more information as to the quantity of oil in German New Guinea, and some investigation should be made, even if not by scientists, as to what work Dr. Wade has done, and what would be the possible outcome. Parliament, I understand, is shortly to adjourn until the beginning of the next financial year; and this question is one of great importance that ought to have early consideration, especially in view of the statements that are being made in the press.

Motion agreed to.

Divisions 1 to 12 (*Parliament*), £39,780; divisions 13 to 25 (*Prime Minister*), £199,301; divisions 26 to 36 (*Treasury*), £926,596; divisions 37 to 43 (*Attorney-General*), £67,367; divisions 44 to

55 (*Home and Territories*), £618,413, agreed to.

DEPARTMENT OF DEFENCE.

Divisions 56 to 82.—Proposed vote, £1,119,034.

Mr. FENTON (Maribyrnong) [6.19].—Can the Minister for Home and Territories (Mr. Poynton) inform us when we are likely to know what is the real military and naval programme for the Commonwealth? Piece-meal expenditure is being indulged in without any formal plan having been placed before the country. The Minister for the Navy (Sir Joseph Cook) will admit that this is a very undesirable method of procedure; and we ought to know the defence policy of Australia for the coming two or three years. We have recently been rejoicing over the end of a war which was to end war—over the fact that a League of Nations is to be brought into existence, and the world will never again be so deluged in blood—yet some of the first requisitions presented to Parliament, and one of the first works referred to the Public Works Committee this year, involves a very considerable expenditure in respect of Defence. The Ministry should inform the Committee when they will be able to promulgate a defence policy for Australia, and to give Australian taxpayers some idea of what burdens they are to bear in respect of defence, in addition to the burdens already imposed upon them by the recent war, and the carrying out of the repatriation, war pension, and many other pledges given to our returned men and the people generally. Delay in this matter is dangerous. The Defence Department in recent years has naturally been one of our biggest spending governmental agencies, and according to forecasts it is likely to remain a very big spending Department. The taxpayers should know as early as possible where they stand. This is a matter of interest to honorable members on all sides. I have yet to learn that the defence policy of Australia is a party question. The Ministry should lose no time in announcing their policy. It will then be for the Parliament to say whether it approves or disapproves of a big expenditure in connexion with naval and military matters.

Mr. GREGORY (Dampier) [6.22].—Following up the remarks made by the honorable member for Maribyrnong (Mr.

Fenton), which I entirely indorse, I should like to know whether a statement can be made on behalf of the Government regarding a proposed expenditure of over £40,000 in connexion with the erection of a laboratory which will be part and parcel of the Commonwealth Arsenal. I am not sure of my facts, but I believe that the ultimate expenditure upon that work will amount to many hundreds of thousands of pounds, and I am given to understand that something like £48,000 is to be expended on the construction of the laboratory. We should have more information on the subject before such a work is entered upon. It will be remembered that the first vote which Parliament was asked to approve in connexion with the establishment of the Acetate of Lime Factory was £40,000. In the following year that total was increased to £80,000, and the ultimate expenditure upon the Factory was something like £100,000. The estimated ultimate expenditure of all new works should be given when Parliament is asked to vote an amount towards carrying them out.

Sir JOSEPH COOK (Parramatta—Minister for the Navy) [6.24].—I am not prepared at the moment to make a statement such as both my honorable friends desire. A Supply Bill covering the first month of the next financial year has already been circulated, and its consideration will be proceeded with as soon as we have disposed of these Estimates. I shall try to obtain the information asked for by the honorable member for Dampier (Mr. Gregory) in time to put it before honorable members when the Supply Bill is being dealt with. The general Defence policy of the Government is giving us a great deal of concern.

Mr. STEWART.—It is a matter of concern to all of us.

Sir JOSEPH COOK.—May I suggest that it is giving the whole world a great deal of concern. The war is over, it is true, so far as our late enemy is concerned, but the world to-day is still in a state of war. All the European nations are still armed to the teeth, and I am afraid that, having regard to that fact, and also to what is taking place in the Pacific theatre, the day of disarmament is not just yet.

I do not think as many do—and in this respect I am an optimist—that the idea of a League of Nations is

a chimera that has gone up like the smoke of battle. I am one of those who believe that the League of Nations will presently begin to function. It is a great ideal, and I believe it is gradually taking hold of the public opinion of the world. Whether the world likes it or not, I believe it will be driven into the arms of the League of Nations very shortly as a way out of the present *impasse*. Until that day comes, I am afraid we must mark time a little. As to our own schemes of defence, they are steadily maturing, and I hope it will not be very long before we are able to tell the House exactly what is in our minds as to our own immediate defence requirements, and regarding also the financial setting of those requirements. I regret very much that I am not able at present to make a considered statement on the subject. It is not from any lack of desire to do so, but rather because of the great difficulties surrounding the whole question.

Mr. FOWLER (Perth) [6.28].—The Department of Defence under present conditions is of such importance, and probably in the near future will become so much more important, that I think the Committee might reasonably be expected to discuss at some length the Estimates relating to it.

Sitting suspended from 6.29 to 8 p.m.

Mr. FOWLER.—The war has left us many problems and difficulties, and no small proportion of these is concentrated in the Department of Defence. There is a very grave question before those responsible for the control of the affairs of this country as to what will be the nature of the expenditure upon our national defence, and it is about time the Government gave some indication of their intentions in this direction. There has been a good deal of more or less general discussion in the newspapers regarding the policy we may anticipate the Government will adopt, but the country at large is still very much in the dark as to the nature of the arrangements that will ultimately be arrived at in regard to the question of military defence. I hope, the Government will not attempt to keep Parliament in ignorance on these matters until a position has been created for Parliament by the Government which we should have to accept. During the last few years there has been rather too much

of a tendency to this. The Government commits the country and Parliament to a certain course, and then, and then only, does Parliament realize what has been done. There is this danger—that we may adopt an unnecessarily provocative attitude towards those with whom it is to our interests to live in peace. Our soldiers have made such a reputation for themselves as fighters that Australia, to use an everyday expression, is somewhat “cocky” in regard to its capacity to meet all and sundry in war, and as our Prime Minister is not possessed of altogether too much prudence in reference to international matters, I am anxious that at the earliest possible moment Parliament should have an opportunity of considering the policy to be adopted by Australia in the matter of defence. There are many suggestions of danger in certain quarters, but it appears to me that for many years to come the world will be free from the possibility of a great and appalling war such as that through which we have just passed. So far from seeing danger on any horizon, I look around and see nothing but a general desire on the part of all people to settle down once more to the arts of peace rather than take up the sword again. One of the most important duties of the Government is to see that the jingoistic persons in Australia, who are by no means few, and certainly are not lacking in aggressiveness, are kept within some reasonable restraint. Not long ago I read an article in an Australian magazine which in the most pointed manner indicated the intention of a certain friendly Power, which was named, to take aggressive action against Australia at the earliest possible moment in regard to the Northern Territory. The certainty of that aggressive action was indicated as if the writer were entirely in the counsels of the statesmen of that country. Many years ago I pointed out in this House the danger to ourselves of adopting an attitude towards other nations indicative of either fear or antagonism. I trust the Government will realize that the policy we ought to endeavour to follow was indicated very clearly and emphatically a little while ago by that eminent British authority, Admiral Henderson. Some years before the war broke out Admiral Henderson gave us a very important report upon the policy of naval defence we ought to adopt, but since the war he has altered his standard with regard to

Australia. I have on record a saying of his that ought to be posted up in this Chamber permanently, and kept before the people of Australia for many years to come. He declares that since the war his ideal of a defensive policy for Australia is to build railways, make roads, open up harbors, and above all things, add to the population. Apparently, if we do these things we are, in his opinion, doing the best for Australia, and all our schemes with regard to the Army and Navy may be considered more or less futile, unless we first and foremost adopt a policy that will add as rapidly as possible to the mere handful of people who now hold this continent. Without that safeguard of increased population our condition is indeed dangerous, and I should be glad to hear from the Government that, along with a policy of reasonable prudence in matters of defence, they have also determined to embark upon a thoroughly comprehensive scheme by which we may add to our numbers from those portions of the Empire of our own kith and kin the settlers we desire.

The Defence Department will be a spending Department on a very large scale. It will have a great tendency to spend, but I am not satisfied that the gentleman who is in control of the Department is likely to meet the requirements of the country and Parliament in effectively controlling that expenditure. I have no desire to go back into ancient history, but the record of the present Minister for Defence (Senator Pearce) is not one which gives me confidence for the future. Early in the war I pointed out that he would probably fall short in many regards, and, undoubtedly, my fears in that direction have been more than justified by the course of events. We have had one condemnatory report after another from Commissions which probably no Minister other than Senator Pearce would have taken without resigning his position, but he has not done so. I remind some of the Ministers who are sitting on the Treasury bench at the present time, that the opinion of the old Liberal party with regard to the necessity for bringing the control of the Defence Department into this House was expressed some time ago in no unqualified language, and I say, without hesitation, now that, in the critical position of our finances, when there is such necessity for maintaining a strong control over the military

authorities, the time has arrived when the Minister responsible for the Department should be in this House. I feel sure that if the change were brought about it would give a certain amount of confidence to the people of the country in regard to the control of that Department not felt at the present time. I have no wish to detain the Committee, nor any desire to go into details in regard to these matters, but I maintain that the Government must seriously consider the position in respect to defence in the immediate future, must announce its policy in that respect and in regard to the control of that policy, or otherwise they will be in a very dangerous position as regards their continuance on the Treasury bench.

Mr. AUSTIN CHAPMAN (Eden-Monaro) [8.13].—I join with others in criticising the Defence Department, because there is great need for it. The Department has drifted and drifted, and yet nothing has been done. One of the main contentions before the war was that, as a rule, the gentlemen running the Defence Department were not good commercial men, and, consequently, became rather extravagant in their methods. In my opinion, the same system ruled during the war; but the conflict in which we were engaged was so terrible, and the issues were so great, that it was impossible to criticise harshly the people who were fighting for us. Therefore, although we knew that horrible mistakes were being made, commercially and financially, we were all prepared to submit to them, and thank God that the men who were fighting for us did not also make terrible mistakes. The valorous deeds of those men at the Front excused all the blunders made by those who were running the Department financially. But now the war is over we are entitled to apply some little criticism in regard to the way in which the affairs of the Department have been administered. We cannot ignore the fact that there is grave dissatisfaction throughout the country on the part of both the public and the permanent soldiers. During the war we promised to do everything for the soldiers. What have we done? It is true that in respect of repatriation we have treated them as well as we can afford to do. But to-day there are men in the permanent forces who are not receiving a living wage. When we established Duntroon College,

one of our proudest boasts was that we were creating a democratic college, which would be open to the poor man's son as well as to the rich man's sons. At that time there were three or four cadets applying for every vacancy; to-day there is not an average of one cadet for every two vacancies. That fact demonstrates that the people are commencing to realize that poor men cannot afford to send their sons into the Defence Forces because the Government are not paying a living wage. As a matter of fact, the salaries paid to the permanent men are lower than in any other military service in the Empire. A comparison between the salaries paid to the permanent men in the Australian Army and those paid in the Canadian, Indian, New Zealand and British Armies would show the Commonwealth to disadvantage. That is a sure method of creating in Australia a military clique, for it will place the control of the Defence Forces entirely in the hands of those who have means independent of their Government pay. The war has proved that such a policy is a mistake; it has shown that all the brains are not possessed by the moneyed classes. The poor man's son did well at the war and he is entitled to consideration. There is a feeling amongst certain people in the community against paying the Defence Force well, but I maintain that unless we have a well-paid and well-satisfied military force we cannot expect to live in peace and security.

MR. BURCHELL.—We have to train staff officers.

MR. AUSTIN CHAPMAN.—That is so, and General Sir Ian Hamilton and others have declared that the Duntroon men were worth their weight in gold at the Front; their casualty list proves their dauntless courage.

MR. TUDOR.—Are not most of them leaving the Department to-day?

MR. AUSTIN CHAPMAN.—No, because it is held by the Department that they contracted to remain in the Department for twelve years, and that a state of war with Austria and Turkey still exists, and that, therefore, they cannot resign unless something is done. As soon as the embargo is removed, the majority of these men will resign, because they are not being paid a living wage. I make an appeal on behalf of the non-commissioned officers particularly. Some of them have given from fifteen to twenty years service, including

four or five years of war service, and they are paid £4 a week, upon which they are expected to maintain themselves, their wives and families. It is a scandal that the Government should be paying them less than is considered a living wage for civilians. I am surprised that the Assistant Minister (Sir Granville Ryrie) tolerates this condition of affairs for one day. As a soldier he fought with these men, and they not only respect him, but have the deepest affection for him. They say that those in authority have "sold him a pup." Knowing him as I do, I am certain that when he is convinced that they have "sold him a pup," he will make them sorry for their action. I asked him a question in the House a few days ago concerning non-commissioned officers at Duntroon who are not being paid a living wage, and I quoted concrete facts. The answer I received—and my little experience tells me whence it came—was that the information I sought was not available at that time; a fortnight has elapsed, and, apparently, the authorities have not yet been able to ascertain whether some of the men at Duntroon are being paid less than a living wage. We were promised that these men would receive an increase in salary; they have not had one for years, although the cost of living has increased so much that they are hard put to it to struggle through at all.

MR. TUDOR.—Some of them say that their salaries have been decreased.

MR. AUSTIN CHAPMAN.—Some of them are receiving less to-day than they were before the alleged increase was granted. When I first mentioned this matter in the House, the Department promptly gave the men a bonus, and it later issued a regulation to the effect that those who did not like the new rate of pay could take the old rate. That regulation indicates the character of the alleged increase; if it were genuine, the men would certainly not think of taking the old rate. It is unfortunate that the Defence Department cannot tell us what some of the men are being paid to-day. I assert, without fear of contradiction, that many of them are being paid less to-day than before the so-called increase was paid, and in the case of some of them it is not enough to keep body and soul together. Of course, this remark does not apply to men who have other means. I am surprised that the Defence

Department did not realize that the fairest way to give increases was, not in large sums per annum to the salaries to highly-paid officers, but to give a percentage increase all round to officers and men. Unfortunately, we cannot find out who is responsible for this increase, and I invite the Minister to enlighten the Committee on that question. It is said that some of the leading officers in the Defence Department disclaim any responsibility for the new system. The Minister could tell the Committee of good men who have been in the service for ten and fifteen years, and now hold the high rank of Major, but who are hardly getting a living wage. That should not be so; there should be contentment in the Defence Department. Ninety per cent. of the permanent soldiers and officers are returned soldiers, and surely to God we ought to pay them a living wage, if nothing more. Is the Royal Duntroon College, the graduates of which received such high commendation from Generals Birdwood and Hamilton, and others, and who rendered such splendid service during the war, to be made the preserve of the sons of the rich? Men of means can afford to send their sons there to learn the military profession, but that profession will be beyond the reach of the poor man's son. That is the reason why to-day there are not sufficient cadets for the positions that are vacant. This Committee ought to be told who is responsible for the new rate of pay, which means hardship to a great number of men in the lower grades. Some of the men in the higher positions have received increases, although I assert that many of them are insufficiently paid. I have an interesting comparative list of salaries, and I shall take another opportunity of placing it before honorable members and the public. For the time being, I ask the Assistant Minister to disprove my assertion that under the new arrangement many officers and men who are doing the bulk of the work, as the men in the lower grades generally do, are suffering a reduction of pay instead of being given an increase. These men are moved from place to place, and they cannot make permanent homes for themselves. I am hopeful that the Assistant Minister will rectify this grievance, because he is not a sham soldier; he has

the welfare of the soldiers at heart, and they, in turn, have the utmost confidence in him. I urge him not to besmirch his high reputation, at the commencement of his Ministerial career, by sponsoring this scandalous arrangement. If, as I understand, a sum of £20,000 or £30,000 is being absorbed in increases of salaries, where is the money going? Is it fair to give all the increases to the higher-paid officers? Some of them have been given increases equal to £2 or £3 a week, and others have had their salaries raised by hundreds of pounds. I have every confidence that the Assistant Minister will do the right thing; but I urge him not to allow himself to be bamboozled by the men who have evolved this scheme. Let him look into the matter thoroughly, especially as to the starting of increases at proper times. If £30,000 is being made available for increases, why not distribute it on a percentage basis? I remember the Assistant Minister saying, before he went to the war, that the permanent soldier ought to be able to look forward to a superannuation to provide for his future. Now is the time to carry out that idea. I believe that this scheme of increases was framed on the basis of a superannuation fund. The increases might be considered reasonable if the soldiers knew that they were to get also a generous scheme of superannuation. Why has the superannuation proposal been dropped? Have the Government decided that it shall not be part of their policy, and that the returned soldiers in the permanent Forces are not to have any provision made for their old age? If the people were consulted, they would declare that they desired the soldiers to be paid fairly, and that provision should be made for their old age. Of course, they would have to contribute something to their superannuation, as all others have to do. I do not attack the higher-paid officers as a class, because many of them are, in my opinion, underpaid, and their splendid services during the war entitle them to every consideration. But it is unfair that those officers should receive substantial increases while those drawing much less pay should have their salaries reduced, or be given no consideration. I appeal to the Minister who in this chamber represents the Minister for Defence to apply his own practical knowledge to the administration, and not let

it be governed by theorists. The worst thing that could happen in regard to military men would be the creation in their minds of a feeling of dissatisfaction with their treatment. Soldiers cannot strike for better conditions as carpenters or bricklayers or other artisans can. Therefore, we must insist that they must be treated fairly and well. No man with a grain of common sense would send his son at the present time to Duntroon College unless he could provide him with an income, because at the present rate of pay a young officer after he has passed his examinations can hardly pay for what is necessary to maintain his position. In the Old Country it is the practice of rich men to put their sons into the Army, but here we should draw on all classes for our officers. Some of the brightest boys that went from the College to the war were the sons of poor men. I appeal to the Assistant Minister not to destroy the splendid confidence which he has generally inspired. Nothing could be better than that the men in the lower grades of the Service should feel that in their Minister they have an officer possessing practical knowledge, who is determined that justice shall be done to them. I know that a man who is only newly in charge of a big Department is at a disadvantage, but I appeal to the Minister not to allow himself to be bamboozled, but to look into matters for himself, so that right may be done. If he does this, he will deserve the thanks of the soldiers, and will give the country what it needs—a satisfied Defence Force. Our soldiers have proved themselves to be the best in the world, and we should see that they are not dissatisfied. It is the present permanent men who will be the nucleus of any army that we may raise, should there be trouble in the future. The Minister should let us know who is responsible for the terrible misfire in regard to the raising of soldiers' pay. All sorts of rumours are going round, and many names are mentioned, but I shall not repeat either. It is not fair to blame an officer in this chamber, because he cannot defend himself here, and his Minister can speak only in general terms. My criticism is not based on personal grounds. Most of the youngsters with whom I am acquainted are able to battle along, and are plug-

Mr. Austin Chapman.

ging away, hoping for better things, without which many must go under. But I know that there is dissatisfaction, and I trust that the Minister, whose intentions are good, will translate them into deeds for the benefit of the men and of the country.

Mr. TUDOR (Yarra) [8.37].—It has been brought to my notice that men who were in the Permanent Forces before the war, and joined the Australian Imperial Force, and have now come back to the Defence Department, have not been allowed even to take up their old positions, and are being paid less than before they went away, although their experience in actual warfare must have made them much better and more valuable soldiers. I am assured, too, that in some cases, while increases have been given to certain ranks, the higher officers have received increases amounting to more than the annual pay of those whom they are commanding; in other words, while increases may have been given to the rank and file, making their pay £156 a year, the increases given to some of the officers have been as much as or more than £156 a year. I join with the honorable member for Eden-Monaro (Mr. Austin Chapman) in asking the Minister representing the Minister for Defence to see that the lower-paid men in the permanent service receive a fair deal. I believe that some of the married men are slightly better off than the single men.

Mr. LISTER.—And some of them are worse off.

Mr. TUDOR.—The honorable member, who represents Queenscliff, has no doubt a number of cases similar to those to which I am drawing attention.

I would like the Acting Treasurer (Sir Joseph Cook) to note that, whereas the cost of the Central Administration of the Defence Department in 1918-19, during part of which year the war was still raging, was £51,746, the amount set down for the present financial year is £102,907, or practically twice as much. The Treasurer (Mr. Watt) told us that he had attacked the Estimates with a meat axe, but something more is needed to deal with those who in peace time make the expenditure of a branch double what it was in war time. I take no exception to the increase in the Aviation Branch, because we know more of the need for an aviation service now than we did even two years ago. There may also

be a reason for an increase in the expenditure on the Royal Military College.

Mr. WEST.—In ten of the twelve sub-Departments of the Defence Department the amount asked for this year exceeds the expenditure of last year.

Mr. TUDOR.—Yes, and the total amount asked for this year is £276,000, while the expenditure last year was only £151,000.

It is not the desire of honorable members or of the country that an officer caste should be created here, but I know that some of those who have sent lads to Duntroon College complain gravely about the conditions of entrance. Candidates were not chosen because of the way in which they passed set examinations, and the examiners knew the antecedents of every one of them.

Mr. WEST.—The candidates were questioned as to their fathers' trade.

Mr. TUDOR.—Had my boy been one of them he would have been able to answer that I was a felt hatter. There should be no favoritism in regard to admissions to Duntroon College. All candidates should be on the same footing. There should be no questioning as to the social position of parents. It was never intended that social position should be considered. It was my privilege to accompany a deputation to the Assistant Minister for Defence (Sir Granville Ryrie) in reference to one of the Government Factories. During the war, those Factories were working, not only full time, but, in some cases, every hour of the day. The Harness and Saddlery Factory was started in 1911 with sixty-five employees, and now when we are at peace, they have been reduced to twenty-five, the last eight men to be dismissed being returned soldiers. The press was not represented at the deputation, but I do not think I am betraying confidence in referring to it. A great number of returned soldiers require saddlery and harness for the work they have taken up, and, in my opinion, the Defence Department and the Repatriation Department together, could keep this Factory going. Every honorable member opposite who was at the Front will admit that the equipment from this Factory was not only equal, but, in the great majority of cases, superior to that supplied by any other factory, whether British, French, or of any other nation. When the Factory was started, the em-

ployees were drawn from all over Australia on account of their exceptional skill, and they had a practical guarantee, this being a Government Factory, of a life job. The Minister promised the deputation to go very carefully into the matter, and I think something will be done in the direction I have indicated. The other Government Factories, perhaps, are not in the same position as the Saddlery and Harness Factory, but the Woollen Mills, if there is not sufficient work for them in connexion with the manufacture of cloth for the Defence Department, can find sufficient in the manufacture of cloth for other Departments. I hope the Government will not lightly decide to close up these Factories. Those engaged in them did us good service during the war, and they should be remembered in peace time.

Sir JOSEPH COOK (Parramatta.—Minister for the Navy and Acting Treasurer) [8.48].—I should like to say a word about the large increases in the Central Staff expenditure. The explanation is very simple. This year all the permanent *personnel* is coming back from the war, and the old positions are being resumed. While the men were away, their salaries, and the expense of their maintenance, were paid at the other end of the world, and came out of the war vote; and this alone accounts for one large item. Then there is another item this year, which is resuming for the first time, namely, the Special School of Instruction; and the two items together account for nearly the whole of the increases.

Mr. TUDOR.—You do not object to me bringing the matter up, and asking for an explanation?

Sir JOSEPH COOK.—I quite agree that the honorable member is entitled to an explanation, and I have given one. There are also several large items of contingencies included, which came out of loan last year, but this year come out of revenue. All this simply means that the increases are due to the return of our Army, and the placing of the Forces on a peace footing, chargeable to the ordinary revenue of the country. The increases, I must say, staggered me at first, but I have given the explanation of them.

I do not know anything about the details of the increased pay, and shall leave the explanation in that regard to my colleague, the Assistant Minister for Defence

(Sir Granville Ryrie). I wish to say, however, that since I have been at the Treasury, I have made two grants to the Minister for Defence (Senator Pearce), for the purpose of adjusting those very salaries. The two grants amount to about £36,000, and only a month or so ago I agreed to a grant of £18,000 for the purpose of continuing the war bonus to these very men. Where that money is now I do not know; all I can say is that the Treasury is discharged on that score.

Sir GRANVILLE RYRIE (North Sydney—Assistant Minister for Defence) [8.50].—The honorable member for Eden-Monaro (Mr. Austin Chapman) is quite right in expressing the belief that my sympathy is with the rank and file of our military forces, more especially with our returned men. I should be a peculiar sort of man if I had not that sympathy. I realize and recognise, above everything else, that had it not been for the loyal support and co-operation they rendered me in the field, I never could have gained those distinctions and honours of which I am so proud. I could not have done what I did but for the magnificent work of these Australian soldiers in the field. I can assure the honorable member for Eden-Monaro, and honorable members generally, that my experiences in the war have broadened my outlook, if it required broadening, in the direction of taking a democratic view in these matters.

Mr. TUDOR.—It was necessary, politically.

Sir GRANVILLE RYRIE.—I do not know that. When I first came into this House I was looked on as one of the "fat squatocracy" of Australia, who had no sympathy at all with working men; but I think that the few years I have been here have dispelled that idea from the minds of honorable members.

Mr. WEST.—You have undergone an intellectual re-adjustment.

Sir GRANVILLE RYRIE.—Probably that is due to my having listened to some of the speeches of the honorable member. However, I had command of a brigade of 2,000 composed of men of every social grade, every political belief, and every religion; and I know that they were absolutely in loyal co-operation with me; I had the feeling that every one would be prepared to risk his life in order to protect mine. That being so, it is perfectly right to say that my sympathy is with

the men of the permanent forces who have been referred to.

A good deal has been made of the assertion that the men of the forces are not to-day receiving a living wage as understood in outside employment. In Australia the pay of the forces has never been equal to wages outside, but the present rate under the new scale—which is called "Ryrie's rise" or "Paddy's rise," whichever honorable members like—is nearer to the outside living wage than ever before. In no country in the world is the military pay of the permanent forces the same as those engaged in outside occupations; and there is something to be said in justification of that fact. The pay of permanent military men is for every day in the week, wet or dry, and holidays included—they have a constant job. At the same time, I am prepared to admit that the new scale does not work out to my satisfaction; but that was not foreseen at the time it was arranged. The Acting Treasurer (Sir Joseph Cook) has told honorable members of the two advances of £35,000 odd for the purpose of increasing the pay of the permanent forces; and it seems a curious thing, in view of that fact, that according to some honorable members every man is getting less pay than before.

Mr. AUSTIN CHAPMAN.—Not everybody—not highly-paid officers.

Sir GRANVILLE RYRIE.—The honorable member suggests that the highly-paid officers are receiving the bulk of this £35,000 odd; but he may be surprised to hear that of this amount only £8,000 goes to the officers. I am not speaking merely of the highly-paid officers, but all the commissioned officers; and this means that £27,000 has gone to the non-commissioned officers and rank and file.

Mr. FENTON.—How do the numbers of the two classes compare?

Sir GRANVILLE RYRIE.—The officers, of course, are fewer in number; but it will be observed that the amount that goes to them is considerably less than the amount given to the rank and file.

Mr. AUSTIN CHAPMAN.—What is the percentage of officers?

Sir GRANVILLE RYRIE.—I have not that information with me.

Mr. MATHEWS.—Is this £35,000 odd an addition to the pay?

Sir GRANVILLE RYRIE.—It is an increase to that amount over the old scale.

Mr. AUSTIN CHAPMAN.—There is 5 per cent. of officers.

Sir GRANVILLE RYRIE.—I think the percentage is greater; all officers must be taken into account, and not only the seniors. I wish to show, further, that this £8,000 has not gone to the highly-paid officers. The salary of the Inspector-General was £1,500; the Chief of the General Staff received a similar amount; and the pay remains the same to-day. A similar remark applies to a great many of the senior officers. I may say that my own brother is one of the officers who might, perhaps, be described as highly paid.

Mr. TUDOR.—Would you call him a highly-paid officer?

Sir GRANVILLE RYRIE.—No; but I am showing that this money has not gone to those who are supposed to be highly paid. The increase in the pay of my brother, who is a temporary Lieutenant-Colonel, is only £25. In face of these facts, it cannot be said that the bulk of the increase has gone to the officers. When the honorable member for Eden-Monaro says that there are some men who are getting less pay than before he must be labouring under a delusion.

Mr. AUSTIN CHAPMAN.—I can prove it, and will give their names.

Sir GRANVILLE RYRIE.—The honorable member might prove it in a way, and I shall show how. When the men were in camp as militia, before going to the war, they were put on a war footing as regards pay. To prevent dissatisfaction the whole of the Permanent Forces were given a war bonus to bring their pay up to that of the militia. That state of things lasted throughout the war, but when the war finished the war bonus was abolished, and a committee of officers was appointed to decide what the new scale should be. The Minister for Defence (Senator Pearce) asked the Cabinet for a certain sum, and this £35,000 odd was granted, the committee of officers being left to work out the details. As I have already said, the scale has not worked out in a way quite satisfactory to myself. £27,000 went to the rank and file and non-commissioned men, but the increase given to the privates, particularly the single men, does not in some cases amount to as much as the war bonus, which has been abolished. On this account they say they are getting less than before, forgetting that they are receiving, in some cases, 80 per cent. more than in 1914. It is not peculiar to this Government that the pay does not equal the living wage paid out-

side; but if it be a crime, it is one of which every Government in Australia has been equally guilty. My honorable friends opposite were in power in 1914, when, as I say, the pay was 80 per cent. lower than it is to-day.

Let me tell the honorable member for Eden-Monaro (Mr. Austin Chapman) that the proposal for a superannuation fund has not been dropped, because such a fund will be brought into existence, and I hope it will prove satisfactory.

Mr. WEST.—There ought to be a superannuation for the whole of the Service, if one is founded for the military.

Sir GRANVILLE RYRIE.—Honorable members must consider the general taxpayers as well as the military, and the Government must do its best for the people as a whole. I heard the Prime Minister say the other night that the Acting Treasurer (Sir Joseph Cook) was not in control of a bottomless financial pit, and that he could not find money where there was none to be had. The proposal to distribute this £36,000 amongst the Permanent Forces was arrived at before my return from the war, and I believe that the committee of officers were perfectly honest in their intention that a substantial rise should be given to the men. The committee of officers who framed the scheme ought to have been able, as experts, to arrive at what was a satisfactory rate of pay for every man.

Sir JOSEPH COOK.—The principle laid down was that, the bonus included, every soldier should receive what was the ruling rate of pay outside.

Sir GRANVILLE RYRIE.—Quite so. The scheme might not have worked out exactly in that way, but it gives every man what is approximately the ruling rate outside. The pay of the Permanent Forces to-day is nearer the ruling rate outside than it has ever been before. No married man in the Forces to-day can say that he is getting less than he was receiving during the war. Every man is certainly getting a great deal more than he received in 1914. The lowest rate of increase granted to single men is 40 per cent. in excess of the pay received in 1914. In some cases the increase amounts to 80 per cent. I am sorry that I have not at hand the tables which I have had worked out in regard to the pay of these men; but I can assure honorable members that the increase, as compared with the rates prevailing in 1914, ranges

from 40 per cent. to 80 per cent. The complaint of these men is largely due to the fact that the war bonus has been knocked off. They had been receiving it for some years, and had come to regard it as part of their ordinary pay. With the re-adjustment, although in some cases they receive 80 per cent. more than they did in 1914, they are paid less than they received during the war, and they, therefore, complain that instead of getting a rise they have been subjected in some cases to a deduction. Having regard to the fact that the Treasurer has not at his disposal an inexhaustible fund, the Government have done everything possible to arrive at a satisfactory solution of this very difficult question. The Minister for Defence and I are discussing a scheme under which something further may be given to married men with families, in the Permanent Forces, and that, with the superannuation scheme which will certainly be brought in, ought to satisfy the Permanent Forces for the time being.

Mr. MAKIN (Hindmarsh) [9.4].—It would appear from the statement made by the Assistant Minister for Defence (Sir Granville Ryrie), that there is little reason to complain of the new schedule that has been prepared, and that it is as equitable as might reasonably be expected of it. I have here, however, a comparative statement which I desire to put before the honorable gentleman and the Committee, with the object of showing that justice has not been done to at least one branch of the Permanent Forces. I refer to the Royal Australian Engineers, and particularly to the pay of non-commissioned officers and others occupying subordinate positions in that arm of the service. This statement shows that commissioned officers have been granted increases of actual value to them. The old rate of pay for colonels was from £650 to £725 per annum; the new rate is £800 per annum. The old rates of pay for lieutenant-colonels were from £576 to £625 per annum; the new rates are from £635 to £750 per annum. The old rates for majors were from £475 to £550 per annum; the new rates are from £550 to £650 per annum. Captains under the old rates received from £375 to £450 per annum; under the new rates they receive from £400 to £525 per annum. Lieutenants under the old rates received from £250 to £350 per annum; under the new rates they receive from

£250 to £375 per annum. Quarter-masters under the old rate were paid from £300 to £400 per annum; under the new rate they receive from £325 to £450 per annum. It will thus be seen that an actual increase has been granted to commissioned officers. In the case of those occupying subordinate positions, in some instances there has been an actual decrease.

Sir GRANVILLE RYRIE.—That is not so.

Mr. MAKIN.—I shall give the honorable gentleman the figures.

Mr. AUSTIN CHAPMAN.—And I shall supply him with names.

Mr. MAKIN.—Under the old rates sergeants received 10s. per diem, plus rations, which were valued in South Australia at 1s. 6d. per diem. That amount was drawn in lieu of rations, making a total of £4 0s. 6d. per week, plus a free issue of uniform. Under the new rate they receive 72s. per week, with a deduction of 2s. 6d. per week for uniform. There was no such deduction under the old rate. In the case of married men a bonus of 6s. per week is also granted. Married men, if in receipt of higher pay under the old rate, may retain it. Thus a married man gets no increase, and a single man suffers a reduction.

Sir GRANVILLE RYRIE.—A number of married men receive an increase under the new rate.

Mr. MAKIN.—I ask the Minister to go into this matter. I am told that it is not within the knowledge of the Minister for Defence that the new scheme works out in this way—that the scheme as presented to him was deceptive, and made it impossible for him to deal with the situation on its merits. I want the Minister to recognise that this matter requires his personal attention. He should see that he is placed in possession of the actual facts by his responsible officers. In the case of corporals, the old rate of pay was 1s. per diem less than that received by sergeants; that is to say, they received £3 13s. 6d. per week and a free issue of uniform. Under the new rate they receive 67s. per week, with a deduction of 2s. 6d. per week for uniform. That deduction was not made under the old system. In addition to the 67s. per week, married men receive a bonus of 6s. per week, and if they were in receipt of higher pay under the old rate they may retain it. A married man, it will be

seen, gets no increase, and a single man actually suffers a reduction of 9s. per week.

Sir GRANVILLE RYRIE.—Does the honorable member say that a corporal receives less than he got in 1914?

Mr. MAKIN.—I am comparing the new rate with that which prevailed prior to the 1st April last.

Sir GRANVILLE RYRIE.—The honorable member is comparing the new rates with the war rates.

Mr. MAKIN.—That is so.

Sir GRANVILLE RYRIE.—The honorable member, in order to be fair, should compare them with the pay in 1914.

Mr. MAKIN.—I want to be perfectly fair. These non-commissioned officers were led to believe that, as the result of the re-adjustment, they would receive an actual increase. They find, however, that instead of an increase, in some cases they are being subjected to a reduction. The new schedule must be judged in the light of the rates prevailing under the scheme for which it was substituted.

Sir GRANVILLE RYRIE.—The honorable member wants the peace pay to be actually that which was paid in war time.

Mr. MAKIN.—Although peace has been declared, we have still to pay war prices. We must have regard to the cost of living.

Mr. AUSTIN CHAPMAN.—Why is it that, under this re-adjustment, married men are given the option of retaining the old rate if they do not like the new rate of pay?

Sir GRANVILLE RYRIE.—So that they cannot possibly lose by the re-adjustment.

Mr. MAKIN.—I am trying to point out to the Minister that in the case of some of these subordinate officers the new rate means an actual loss of pay to them. In the case of corporals, married men are receiving the same pay that they drew during war time.

Sir GRANVILLE RYRIE.—Some of them may receive more.

Mr. MAKIN.—In the case of corporals, a married man gets no increase, and a single man is subjected to an actual reduction of 9s. per week.

Sir GRANVILLE RYRIE.—The honorable member has his figures worked out in his own way. If I had at hand the figures I have had prepared for me, I

would be able to "knock him kite high" in two minutes.

Mr. MAKIN.—It is unfortunate that the Minister should be without his figures; but his statement is not very convincing to honorable members.

Mr. FENTON.—Nor satisfying to the men who are receiving less than before.

Mr. MAKIN.—Quite so. I shall be pleased to hand this list to the Minister, so that he may see for himself that there is some justification for the complaint I am voicing. In the case of a sapper we find the old rates were as follow:—

Single man, 5s. 6d. to 6s. per diem, plus free rations, quarters, and uniform; married man 5s. 6d. to 6s. per diem, plus 1s. 6d. per diem in lieu of rations, plus 1s. 6d. per diem in lieu of quarters, and plus free uniform.

The new rates are as follow:

Single man, 60s. per week, less a deduction of 2s. 6d. per week for uniform, less 10s. per week for rations, and less 2s. 6d. per week for quarters; married man, 60s. per week, plus a bonus of 6s. per week, less a deduction of 2s. 6d. per week for uniform.

The comparison is as follows:—A single man received an increase of from 3s. to 6s. 6d. per week according to length of service. A married man received an increase of from 4s. per week for a man with less than two years' service to 6d. per week for a man with over six years' service. The men who are filling the offices in the Royal Australian Engineers must have certain qualifications. No person other than a tradesman may be enlisted. Indentures must be produced, and applicants for enlistment must submit to a trade test. Every member is available for duty the whole or any part of the twenty-four hours. No further consideration is given in respect to that particular facility placed at the disposal of the Department. The value of the rations varies in the different States. Although 1s. 6d. per diem is paid in lieu in South Australia, it may amount to more or less in the other States. When an officer gets a staff job his rates are increased from £50 to £100 per annum, but no such privileges as staff jobs are open to men of other ranks. I hope that the Minister will have further investigation made into this particular schedule, and that he will see that greater justice is done to those who occupy the more subordinate positions in the Defence Department.

Mr. CORSER (Wide Bay) [9.18].—I take the opportunity of calling attention

to a matter of great importance to the future of Australia—the need for the encouragement of rifle clubs. During last year there was a reduction of 50 per cent. in the effective grants to rifle clubs. We are fortunate in having in this House a Minister representing the Defence Department who has had practical experience at the Front, and I think he will admit that the men who went from Australia who had previously been members of rifle clubs turned out to be the very best material for warfare. In many instances 60 per cent. of the members of the clubs in the Wide Bay electorate, and elsewhere, enlisted, and in the case of one or two of the clubs in Wide Bay, all the members except two went on active service. I am sure we recognise that the return we got from the past expenditure on rifle clubs has been a hundredfold. Not only were members of rifle clubs who enlisted effective fighters, but, as they were also able to instruct others who had not the same knowledge of their weapons, they thus assisted to make the whole force a very much better fighting machine. I sincerely trust that the Minister will see that on the next Estimates provision will be made for the payment of a 10s. effective grant to rifle clubs, so that in case trouble arises in the future we shall have a capable and effective force here, ready and able to defend this country of ours.

Proposed vote agreed to.

Divisions 83 to 101 (*Navy*), £1,536,924, agreed to.

DEPARTMENT OF TRADE AND CUSTOMS.

Proposed vote (*Divisions 100-115*), £583,011.

MR. BRUCE (Flinders) [9.22].—There is one matter of considerable importance to which I wish to draw attention. I would have mentioned the subject some time ago but for the fact that the Minister for Trade and Customs (Mr. Greene) has been away ill, and I was anxious that he should hear what I had to say, because I believe it is something upon which no single Minister can give a decision, but which must go before the Cabinet as a whole. I refer to the basis upon which the Customs authorities calculate for Customs purposes in the payment of duty the value of goods bought in the currency of any other nation. At the present time the high cost of living is one of the most burning and vital questions we have confronting us. We are also very much inclined to protest how much we owe to

our Allies in the late war, and how much we are willing to do to assist them to once more regain their position in the world. But what we are doing in regard to the administration of our Customs Act is a little startling to any one who is not aware of what is the actual position. There are a few facts I wish to bring under the notice of honorable members, because I do not think they realize what is happening, or they would not indorse it or approve of it. By our administration of the Customs Act we are actually rendering it almost impossible for France and Italy, probably our two greatest Allies in the late war, to trade in Australia, and are driving the whole of our overseas trade into the hands of neutral countries, or countries which made the smallest sacrifices on behalf of the Allies during the war. There are many people who are Protectionists, and there are many who are Free Traders, but I do not think that any of them believe that a preference other than the deliberate and considered preference given by this Parliament to Great Britain should be extended to any country under our Tariff. The startling position to-day is that we are giving a most extraordinary preference to certain countries to the detriment of others.

MR. TUDOR.—That is under the rates of exchange.

MR. BRUCE.—That is so. During the period of the war certain countries had to completely cut off their exports. They had their commercial and industrial centres ravaged and overrun, and, for the time being, the whole of their trade ceased. The result after the war has been that the world's exchange is absolutely against those countries, and their currency in the world's market is hopelessly depreciated. On the other hand, countries which continued to trade during the period of the war became the great exporters of the world. Gold flowed to them, and their currency is now at a great premium in the world's markets. We all know that that is the position to-day, but sometimes we forget that it is only recently it has come about. Exchanges the world over were maintained artificially during the war. Take the case of Great Britain, where we have seen the value of the sovereign come down to 3.35 dollars as against the par value

of 4.85 dollars. That has only happened since the Armistice and since the artificial safeguards that were taken to maintain exchange were removed. We never got below 4.70 dollars or 4.75 dollars during the war. The result of the removal of the artificial safeguards has been that we have had extraordinary variations of exchange which prior to the war did not exist. In pre-war days the franc might have varied from 24 francs to possibly 25.50 francs to the £1 sterling, but that would have been an enormous variation. It was the same with other exchanges, and so it continued during the war. But to-day the position is completely altered. The ordinary economic laws coming into force, we have seen variations in the franc up to 60 francs to the £1 sterling. These variations bring about most extraordinary results in the payment of Customs duties, for the reasons that the Customs Department here always operate upon the basis of the par value of exchange and take no notice whatever of the value of exchange at the time when the goods were purchased. Before giving actual instances of what has happened, I would like to give a very simple illustration, from which honorable members will have no difficulty in seeing what is done. If a person goes to any country and buys £100 worth of goods, and the invoice comes through to Australia as £100, the Customs authorities look at the date the invoice bears, and look up the rate of exchange on that date. If the goods were bought in France they proceed to turn the £100 into francs at the rate of exchange on the date the invoice bears, and if at that date the rate of exchange was 50 francs to the £1 sterling, they say, "The £100 is 5,000 francs." Having turned the sovereign into francs at the rate of exchange at the date of purchase, they then proceed to bring it back into sovereigns on the pre-war or par basis of exchange, namely, 25 francs to the sovereign. The result is that, although the purchaser has paid £100, and only £100, for the goods, when he goes to the Customs authorities and tenders his duty, which, we will say for the sake of argument, is £25, they say to him, "No; we will not accept that. The duty is £50, because these goods cost you £200." That is rather a startling practice, but it

is taking place every day. It is unjust, and everybody is protesting and trying to demonstrate the injustice, but can get no remedy. Apart from the fact that it is making Australian people pay more than they should pay by reason of the fact that the goods are being loaded with duties that ought not to be paid, and which Parliament never authorized, I take the broader point of view that we are by this action penalizing nations that, in the war, were our friends and Allies, and throwing the trade into the hands of neutrals who did not help us at all, or Allies who helped us very little. I shall relate to the House what happens in connexion with £100 worth of goods purchased in France, Italy, and America respectively. Take, firstly, £100 worth of goods purchased in France. Say the exchange of the day is, as it has been for some time past, 50 francs to the £1. That means that 5,000 francs have been paid for the goods. When the goods land here, the £100 is first converted into 5,000 francs, and then reconverted at 25 francs to the £1, that being the par value. That gives a value of £200. Assuming the duty to be 25 per cent., the importer pays £50 to the Customs Department upon goods that had cost him £100. Take now the case of £100 worth of goods purchased in Italy. The exchange is, as it has been for some time, 75 lire to the £1. That £100 is immediately converted into 7,500 lire. That is reconverted at par value—25 lire—which means that the importer is said to have paid £300 for the goods, and, at a duty of 25 per cent., he pays to the Customs Department £75 on goods that cost him £100. In regard to America, assuming the exchange to be \$4 to the £1, although it has been as low as \$3.35, the £100 is converted into \$400. That is reconverted at \$4.85 to the £1, the par value, which gives a result of £82 10s. The importer is then held to have paid £82 10s. for the goods for which he actually paid £100, and at a duty of 25 per cent., he pays to the Customs Department between £20 and £21. Therefore, on £100 worth of goods subject to a 25 per cent. duty, France would pay duty to the extent of £50, Italy to the extent of £75, and America to the extent of £20.

Mr. WIENHOLT.—That is "greasing the fatted pig."

Mr. BRUCE.—That may not be a very pleasing expression, but it is perfectly true. We must remember that, during the war, France and Italy, by reason of the tragic circumstances in which they were living, were cut off from the world's markets. America, Japan, and other nations stepped in, and catered for trade that had belonged to Italy and France ever since Australia had commenced importing. The war gave these other countries their opportunity, but in hardly any instance have they served Australia as well as France and Italy had done before the war. Yet, because of the system upon which the Customs authorities calculate exchange, it is almost impossible for France and Italy to recover the trade that went from them, because of the fact that they were fighting on our side.

Mr. JOWETT.—Upon the instructions of whom is this system operating?

Mr. BRUCE.—Upon the instructions of nobody. It is a system that was justified, and extraordinarily effective under pre-war conditions.

Mr. FENTON.—Has the honorable member the figures in regard to Japan?

Mr. BRUCE.—I have not worked them out for Japan, but the system works to the advantage of Japan in much the same way as it works to the advantage of America. Japan is getting a marked preference as against France and Italy. This system of calculating exchange is excellent, and, indeed, is the only possible one, under normal conditions. We cannot expect the Customs Department to recalculate every fractional difference in exchange for every invoice, simply because the importer says that he paid exchange on a basis of between, say, 24.50 francs and 25.50 francs, but to-day it is a question, not of a fractional difference in the rate of exchange, but of an absolute prohibition of imports from the countries of two of our Allies.

Mr. TUDOR.—If the Customs Department altered the procedure those who had imported and paid the rates under the old system would be placed at a disadvantage in comparison with the man who imported under the altered conditions.

Mr. BRUCE.—That is so, and in the event of such an alteration probably there would be few firms that would leave on hand more goods for which they had paid too much than would the firm with which I am connected. But I should not mind that in the least. Everybody would have

to get out of the trouble as best he could. My point is that the present system is an iniquity. We are penalizing the very nations that we should be trying to help, not only for sentimental reasons, but because it would be for the benefit of the whole world if we could get trade back into its normal channels and the exchange of the world adjusted.

The point which will be raised is very obvious. The Customs Department, faced with a position like this, would say that it could not calculate the rate of exchange on every single invoice and alter it. At first sight that appears to be a good argument, but unfortunately the Department is doing that very thing to-day. I pointed out that in respect of importations, expressed in sterling value, the Department is finding not the slightest difficulty in looking up the rate of exchange on the date of the invoice so that it may first convert it prior to reconversion at par value. There is no reason at all why the Customs Department should not operate on the basis of the rate of exchange at the date on which the goods were invoiced, which shows the home consumption value. Therefore, I say there would be no difficulty whatever in altering the present system if it were considered just and right to do so. I personally can see no reason why, in order to avoid any real difficulty for the Customs Department, it should not require that all goods that have been purchased in foreign countries should be invoiced in foreign currency. On receipt of the invoice in Australia the Customs Department could convert francs or dollars into sterling value at the rate of exchange obtaining on the date of the invoice, which could be found by reference to the records. It would then have the actual value of the goods in the country of origin converted into sterling value at the actual rate of exchange applying at the date on which they were invoiced.

We should realize that a system such as this, which works such hopeless injustice and borders on an iniquity, must inevitably lead to efforts at evasion. That is very undesirable. Whilst the Customs authorities may think they know everything that is to be known, I personally have grave doubts that, when the incentive is as great as it is in this case, dishonest traders will not devise means of defeating the Department. I suggest one means by which that can be done. The

trader gets an invoice drawn up in the currency of France. The franc is to be converted by the Department at 25 francs to the £. Suppose that he bought £100 worth of goods in France, and that they were invoiced properly and legitimately at the rate of exchange at that date, say, 50 francs to the £; the value of the goods would appear as 5,000 francs. But an astute trader will invoice the goods as worth, not 5,000 francs in ordinary currency, but 2,500 gold francs. If they are actually gold francs it is right to convert them at 25 to the £. One man will be invoicing goods at 2,500 gold francs and the other at 5,000 francs ordinary currency. In both cases the actual amount paid is £100, but when the two invoices are converted by the Customs Department at 25 francs to the £ there will be a lot of difference in the duty paid. I do not suggest that any trader is following this practice to-day, but I warn the Government that if an iniquity like this is perpetrated we shall inevitably have dishonest traders doing something to evade it. In urging this question upon the attention of the Committee I put aside the question of the effect upon the unfortunate people who are being made to pay double and treble duty upon the goods they consume. I put aside also the plight of the merchant who has to try to get rid of the goods on which he has paid these duties. Both of these are minor considerations. The main point is that we have been loud in our protestations of gratitude for the help we received from our gallant Ally, France; yet, by the policy pursued by the Customs Department, we are doing our best to handicap her out of these markets which we say are open to everybody, subject to a Tariff which was fixed by Parliament and which gives no preference to any nation except the Mother Land.

Mr. LAIRD SMITH (Denison—Honorary Minister) [9.45].—The Committee is deeply indebted to the honorable member for Flinders for his speech, which was exceedingly clear, so that we quite understand his position. What he has said will receive the consideration that it deserves, not only here, but in another place. The honorable member for Gram-pains (Mr. Jowett) asked on what authority the practice of the Customs Department is based. That authority is section 154A of the Customs Act, which says that the value of goods shall be taken to be the fair market value of such

goods in the principal markets of the world whence they were exported, in the usual and ordinary acceptance of the term, and f.o.b. at the port of export in such country, with an addition of 10 per cent. to such market value. The action of the Department was contested by Goode and Company, of South Australia, and the Chief Justice of that State gave judgment against the Department, but the High Court reversed that judgment, and the Privy Council subsequently decided that there was no ground for an appeal.

Mr. RICHARD FOSTER.—The question in that case was as to the value of goods; quite a different point.

Mr. LAIRD SMITH.—I wish to give, in answer to the honorable member for Flinders (Mr. Bruce), the view of the Customs Department. The value on which duty must be paid is the fair market value of the goods when sold for use or consumption in the country of export. But the purchasing power of money has fallen in other countries as it has fallen in Australia. Here £1 now buys only as much as could have been bought for 13s. in 1914. Goods bought in France and Italy are invoiced for export at their sterling value, which we have reason to believe is arrived at on the basis of 50 francs or 50 lire to the pound, or at a still greater depreciation. I shall give an illustration or two to show what happens under this practice. A motor chassis of a certain type was imported from Italy. The pre-war home consumption price of that type of chassis was 12,000 lire, which, on the basis of 50 lire to the £1 sterling, would be £480. Notwithstanding the substantial advance in wages and the increase in the price of raw material in Italy, this particular type of chassis was invoiced to a buyer in Australia at £320 sterling, based on an exchange value of 50 lire to the £1, that is, it was invoiced at £160 less than what would have been its pre-war price. After an investigation by our officers abroad, it was found that the home consumption price of that type of chassis in Italy was 16,000 lire, or £640.

Mr. BRUCE.—Then the invoice was a dishonest one.

Mr. LAIRD SMITH.—If the Italian export value had been accepted, an injustice would have been done to British manufacturers. An importer of a British chassis whose pre-war price was, say,

£400, and whose present price was £600, would have to pay duty on the higher amount, while the importer of the Italian chasis, if the Department accepted the invoice price, would gain a distinct advantage. A case like that shows how hard it is to make a law which will give the concession that the honorable member for Flinders asks for and still protect the Department. Let me give another case. In 1913 fancy soap was sold in Paris for 120 francs a dozen boxes, or on an exchange of 25 francs to the £1, for £4 16s. The same line was sold in 1919 for 166 francs, or at an exchange of 25 francs to the £1, £6 12s. 9d. If the 1919 price had been standardized on the basis of 50 francs to the £1, the goods would have been invoiced at £3 6s. 5d., although their domestic price had been increased by 39 per cent., and thus their export price would be £1 9s. 7d. less than the pre-war price. This country has adopted a policy of protection, but of what value would our Tariff be to our manufacturers if we accepted invoices in which the exchange had been reckoned at 50 francs or 50 lire to the £1.

Mr. BRUCE.—How is the Australian manufacturer protected against Japan under the present system?

Mr. LAIRD SMITH.—The honorable member there opens up another question. Honorable members will see that the Department has a most difficult problem to deal with. I have ascertained that in Paris in one day the rate of exchange has altered three or four times. How could we be advised here of such changes, and pay consideration to them in the assessing of duty? I may mention that one of the biggest business men in Melbourne, whose name I am not prepared to give the Committee, called at the Customs House, and, as a result of an interview, went away apparently satisfied that the Department was dealing with this matter in the only way in which it could be dealt with.

Mr. BRUCE.—Has the Cabinet determined that it will not go into the matter?

Mr. LAIRD SMITH.—I was careful to preface my remarks with the statement that, no doubt, the honorable member's speech would receive the consideration that it warranted, and I paid great attention to it because of the experience he has had in the world of commerce.

Mr. JOWETT (Grampians) [9.57].—I have made it a rule of my life not to rise after 10 o'clock at night, but it is not yet 10 o'clock. I consider myself fortunate in having heard the speech of the honorable member for Flinders, and the reply of the Minister. Evidently the Cabinet has not given this matter full consideration. The Department seems to fall back on the reading of a provision in the Customs Act passed many years ago, without giving proper consideration to the condition of exchange during the last three or four years. The Minister spoke of a line of soap which in 1913 was sold in Paris for 120 francs, but which now costs 160 francs in Paris. But it is to be borne in mind that when measured in British or Australian money the franc is now worth only half what it was in 1913. There is an aspect of the case which, apparently, has not yet occurred to the Ministry as a whole, and that is the effect of the depreciation of the money in those continental countries allied to us, which have suffered so much from the war, and the consequent disadvantages under which they are placed as compared with other countries. There has been an enormous depreciation of the currency of France and Italy, and an enormous appreciation in the currency of the United States of America. Because of the sacrifices made in the war by France and Italy, those countries are very much embarrassed financially, while the currency of the United States has appreciated. The goods of which the Honorable Minister spoke, which before the war cost 120 francs, equivalent to £4 15s. in British sovereigns, now cost 160 francs in British paper money. But these francs are worth only half the value in English money that they were before; therefore, the price of this particular product, measured by English or Australian money, has fallen from £4 15s. to £3 4s., or to two-thirds of its former value. That is due to the fact that the francs now go 50 to the £1, whereas before the war they were 25 to the £1. The Acting Minister for Customs (Mr. Laird Smith) now seems to say that, because of this, we must impose a higher duty upon French goods.

Mr. LAIRD SMITH.—We must collect at the home consumption value of the goods.

Mr. JOWETT.—In British or Australian money, this conversion is made on

the basis of 50 francs, as compared with 25 francs previously.

Mr. LAIRD SMITH.—With the English £1 at 50 francs, and £100 worth of goods purchased, how much would you have to find in gold to pay for those goods? Would not £50 be sufficient?

Mr. JOWETT.—We in Australia do not pay in gold at all, but in Australian paper money.

Mr. LAIRD SMITH.—I mean in gold, in the same way as we are shipping gold to America to-day.

Mr. JOWETT.—That is a matter of shipping gold, like any other commodity; but payments for goods in Australia are not now made in gold. The question of the depreciation of paper money here is one to which this House might devote some attention. To continue to levy a higher duty under the circumstances disclosed above would, in reality, without our knowing it, be placing our Allies, who made such sacrifices during the war, at an enormous disadvantage, while giving a correspondingly great advantage to the United States, and to any other countries with appreciated exchanges.

Mr. TUDOR (Yarra) [10.5].—I, too, think that the matter of exchanges is one which might be considered by the Cabinet. I would be the last to urge a departure from the system of charging duties on the fair market value in the country of shipment. When Minister for Trade and Customs, I did my best to prevent fraud; indeed, I went in for a system of compulsory honesty in dealings with the Customs House. The question of exchange is a matter entirely apart from the question of the fair market value; and my opinion is that we have no right to re-convert into a pre-war value. I think that I have a very fair record as Minister for Trade and Customs, for seeing that those who had dealings with the Department paid their full dues, going so far as to have people gaoled for evading the payment of duty. I would not do anything which would give Japan and the United States an advantage at the present time.

Mr. JOWETT.—But the system favoured by the Acting Minister does.

Mr. TUDOR.—It does; and, as I say, it is a matter for the Cabinet, as well as a matter for the Department. I think that the case put by the honorable member for Flinders (Mr. Bruce) is unanswerable, and demands earnest consideration. Of course, I know that the

position of an Assistant or Acting Minister is a very difficult one, for he cannot depart from the accepted practice of the Department or of his chief.

Proposed vote agreed to.

DEPARTMENT OF WORKS AND RAILWAYS.

Divisions 118 to 129, £617,412, agreed to.

POSTMASTER-GENERAL'S DEPARTMENT.

Divisions 120 to 129, £5,223,143—

Mr. HAY (New England) [10.9].—I should like to make a few observations on the administration of the Post and Telegraph Department. I have no desire to embarrass the Postmaster-General (Mr. Wise), because I know that his obligations to the country at the present time are very grave. This Department, under the control of the ex-Postmaster-General (Mr. Webster), drifted from bad to worse year by year; and we country representatives, especially, know how far it did drift. I need not take up time in referring to individual cases, but I must say that in an old-settled electorate such as the one I have the honour to represent, conditions to-day are infinitely worse than they were thirty years ago. We read of the profits which have been made from year to year by this Department, which might be called the Department of Universal Service, seeing how much the comfort, happiness, and well-being of the country depend upon it. In spite of those profits the postal service is going back, and becoming less efficient. I know that the present Postmaster-General is taking a very serious responsibility, for he is unable to restore to the people those services and benefits they formerly enjoyed until he takes into consideration the postal administration as it affects the whole of the Commonwealth. I hope the time is not far distant when he will find himself able to make a statement which will give some relief and satisfaction to those who so urgently require it.

The travelling post-office is a very useful branch of the Department. Instead of letters being carried hundreds of miles to centres, sorted there, and then sent back to their destinations, the present system is to have the sorting done in travelling post-offices; but I am informed, rightly or wrongly, that there is a risk of this useful adjunct of the service being abandoned. I hope that the Postmaster-General, when he considers the re-organization of the Department, will do all that lies in his power to extend the postal facilities to the people.

Thirty years ago the two important towns of Manilla and Barraba, in my electorate, had a daily service, but to-day they have a service every second day. Unhappily for the people there, they advocated and obtained a railway, and because there is a train only every other day the mails are carried only every other day. Each day there is a coach or motor service from Tamworth to these towns, but mail matter is not carried by them. A great number of similar instances might be given, and I have no doubt that, like myself, other country representatives receive a great deal of correspondence in connexion with postal matters, and are considerably embarrassed owing to the fact that they are unable to give any satisfaction or relief, or to do anything to improve matters. I am convinced, or hope, from a little conversation I had with the Postmaster-General, that his anxiety is to make this Department, not a revenue-producing one, but one by means of which the benefits of the Post Office may be enjoyed in more or less remote places. I feel sure that when the honorable gentleman has an opportunity to go more definitely into the question, he will endeavour to secure for residents of country districts the facilities to which they are entitled, and of which they are most desiring.

Proposed vote agreed to.

War Services, £10,255,980, agreed to.

Resolved—

That, including the several sums already voted for such services, there be granted to His Majesty to defray the charges for the year 1919-20, for the several services hereunder specified, a sum not exceeding £24,223,933:—

	Payable out of Revenue.	Payable out of Loan Funds, Trust Fund, and other Special Funds.	Total.
<i>The Parliament</i> ..	39,780	..	39,780
<i>The Prime Minister's Department—</i>			
Audit Office—	199,301		
Salaries ..	..	7,636	
Contingencies ..	..	9,078	
Commonwealth ship-building ..	..	19,783	
Commonwealth line of steamers ..	..	21,928	
Commonwealth Shipping Board ..	..	3,527	
Port Pirie wharf ..	..	1,240	
	199,301	63,792	263,093

	Payable out of Revenue.	Payable out of Loan Funds, Trust Fund, and other Special Funds.	Total.
<i>The Department of the Treasury—</i>	£	£	£
Treasury—Salaries ..	926,596		
Australian Notes, Bonds, and Stamp Printing Branch ..	..	114	
Refunds of Revenue ..	350,000	19,326	
Advance to the Treasurer ..	2,000,000		
	3,276,596	19,440	3,296,036
<i>The Attorney-General's Department—</i>	67,367	..	67,367
<i>The Home and Territories Department—</i>			
Northern Territory—Hotels ..	618,413		
	..	2,320	
	618,413	2,320	620,733
<i>The Department of Defence—Military—</i>			
District Accounts Branch—Pay ..	1,119,034		
	..	12,000	
	1,119,034	12,000	1,131,034
<i>The Department of the Navy—</i>			
Naval Administration—Contingencies ..	1,536,924	2,000	
Permanent Force (Sea-going)—Contingencies ..	..	2,000	
Maintenance of ships and vessels ..	..	500,000	
Medical services ..	..	4,000	
Citizen Naval Forces (Royal Australian Naval Brigade)—			
Pay ..	..	31,500	
Contingencies ..	..	13,300	
Naval Establishments—Contingencies ..	..	5,000	
Wireless workshops ..	..	3,000	
	1,536,924	560,800	2,097,724
<i>The Department of Trade and Customs—</i>			
Central Staff—	583,011		
Salaries ..	..	600	
Victoria—Salaries ..	..	750	
Queensland ..	..	200	
South Australia—Salaries ..	..	100	
Western Australia—Salaries ..	..	80	
	583,011	1,730	584,741
<i>The Department of Works and Railways—</i>			
Naval Works Staff—Salaries ..	617,412		
	..	26,890	
	617,412	26,890	644,302
<i>The Postmaster-General's Department—</i>	5,223,143	..	5,223,143
<i>War Services—</i>			
Payable out of Revenue ..	10,255,980	..	10,255,980
Total ..	23,536,061	686,972	24,223,933

Resolution reported. Standing Orders suspended, and resolution adopted.

Mr. Hay.

Resolution of Ways and Means, covering Resolution of Committee of Supply, reported and adopted.

Ordered—

That Sir Joseph Cook and Mr. Hughes do prepare and bring in a Bill to carry out the foregoing resolution.

APPROPRIATION BILL 1919-20.

Bill presented by Sir JOSEPH COOK, and passed through all its stages without amendment.

NAVIGATION BILL.

Bill received from the Senate, and (on motion by Mr. HUGHES) read a first time.

COMMITTEE OF PUBLIC ACCOUNTS BILL.

Message recommending appropriation reported.

WAR LOAN BILL.

Message recommending appropriation reported.

Motion (by Sir JOSEPH COOK)—

That the House do now resolve itself into a Committee of the whole to consider the foregoing message.

Mr. TUDOR (Yarra) [10.25].—I understand that this Bill is merely to authorize the borrowing of money should a suitable opportunity offer.

Sir JOSEPH COOK.—Merely an authority to raise money.

Mr. TUDOR.—The money will be required for repatriation and other purposes.

Sir JOSEPH COOK.—Yes.

Mr. TUDOR.—The right honorable gentleman mentioned to me that he proposed to introduce this Bill, but I did not understand him to say that he wished to proceed with it to-night. In view of the fact that we have disposed of the whole of the Estimates for the financial year 1919-20 in a few hours, I fail to see that there is any urgent necessity for rushing this Loan Bill through to-night.

Sir JOSEPH COOK.—Only that we have to send it to the Senate.

Mr. TUDOR.—It can easily be dealt with to-morrow. It is a purely formal measure.

Sir JOSEPH COOK.—I shall be satisfied as long as I am able to pass these Bills through this week.

Mr. TUDOR.—You will get them this week.

Question resolved in the affirmative.

In Committee:

Motion (by Sir JOSEPH COOK) agreed to—

That it is expedient that an appropriation of moneys be made for the purposes of a Bill for an Act to authorize the raising and expending of the sum of £20,000,000 for war purposes.

Resolution reported.

Motion (by Sir JOSEPH COOK) proposed—

That the Standing Orders be suspended to enable the remaining stages, up to the second reading, to be passed without delay.

Mr. HIGGS (Capricornia) [10.28].—Would I be in order, Mr. Speaker, in referring to a matter that I brought up a few days ago. I wish to know whether the Postmaster-General can tell the House to what extent certain newspaper proprietors are existing on eleemosynary aid from the Commonwealth.

Mr. SPEAKER (Hon. W. Elliot Johnson).—The honorable member will not be in order in referring to that matter at this stage.

Question resolved in the affirmative.

Resolution adopted.

Ordered—

That Sir Joseph Cook and Mr. Poynton do prepare and bring in a Bill to carry out the foregoing resolution.

Bill presented, and (on motion by Sir JOSEPH COOK) read a first time.

PARLIAMENTARY ALLOWANCES BILL.

Message recommending appropriation reported.

ADJOURNMENT.

VISIT OF H.R.H. THE PRINCE OF WALES:
ADJOURNMENT OF PARLIAMENT—TARIFF
—MORATORIUM.

Mr. HUGHES (Bendigo—Prime Minister and Attorney-General) [10.31].—I move—

That the House do now adjourn.

In order to make the position clear, if I have not already done so, in regard to the proposed adjournment of Parliament, so that honorable members may participate in the welcome to His Royal Highness the Prince of Wales, the Government, I may point out, consider it will best enable honorable members to participate in the

welcome and interrupt the business of the country as little as possible if we adjourn during the visits of His Royal Highness the Prince to the State of Victoria and the State of New South Wales, and ask Mr. Speaker to summon members to meet again by a special call. Such an arrangement, I think, will suit the case, because I am not at all clear as to the date which covers the period I have indicated, and it is desirable that this House should meet a little earlier than the Senate, in order to get through some business for the Senate to deal with. Of course, if arrangements are made for the presentation of an address to the Prince of Wales next week, the House will meet for that purpose, but that is a matter which Mr. President and Mr. Speaker control, and with which I, as head of the Government, have nothing to do. Subject to that proviso, I propose that the House should rise on Friday to enable honorable members to participate in the welcome to His Royal Highness the Prince of Wales while he is in Victoria and New South Wales, and the House of Representatives will afterwards be called together again by Mr. Speaker, and the Senate by the President of the Senate.

In reply to the honorable member for Dampier (Mr. Gregory), who has asked when the consideration of the Tariff will be begun, I wish to say that it will be considered as soon after the resumption as possible. I cannot fix a definite date.

The honorable member for Franklin (Mr. McWilliams) has raised the question of the extension of the moratorium. When the honorable member raised the point some weeks ago, I told him that I turned a very sympathetic ear to his request, but I have since gone into the matter most carefully with the Solicitor-General and gleaned the facts. In the last session of the last Parliament a Bill was passed terminating the existing moratorium. That is to say, its scope was gradually to diminish until it fully terminated in June of this year. I am the last in the world to turn an unsympathetic ear to those who suffer from the periodical visitations of drought to which this country is, unfortunately, subject, and I am most anxious to strain a point to do what the honorable member wishes, but the more I looked into the matter the more it became apparent that to do what I wished would create a most undesirable position. The moratorium

regulations were introduced to deal with war conditions. The war has ceased, and the conditions to which the honorable member has referred are due to drought. Happily for Australia, those conditions do not extend over the whole of the Continent, although unfortunately they have affected a very large number of our fellow citizens. The moratorium cannot be made to apply to certain classes of persons. If we were to apply it to all who owe money on a mortgage, to the just and to the unjust, to those who have been stricken by drought, and to those who merely wish to avoid their obligations, the matter would be a very wide one. I do not profess to be able to cover it in the few remarks which I am about to make. This is an obligation which appears in its essence to belong to the States. Many mortgages have been dealt with since the moratorium expired. Some, no doubt, have not been dealt with. Speaking for myself, I would say that the unhappy condition to which some of our fellow-citizens have been reduced is a matter for State assistance. But I would rather that, if the Commonwealth had to do anything, it should be by setting aside a sum of money so that it could be applied for the particular purpose which the honorable member has in mind; that is to say, for the relief of those who have been stricken by drought, and who have heavy obligations which they are unable to meet. I shall bring the matter in all its bearings before Cabinet. The Government will give it most careful consideration, and the honorable member will believe me when I say we shall do everything in our power to help those who have been affected by the drought. However, I feel, after very careful consideration, that it would cause endless confusion, and do far more harm than good, if we were to revive the moratorium, nine-tenths of which has already expired.

Mr. McWILLIAMS (Franklin) [10.44].

—I thank the Prime Minister for the information which he has made available. The position which I have taken up is that this is not a drought matter at all; it is simply an aftermath of the war. I do not intend to discuss the point now, for this reason: I had arranged with the Acting Treasurer (Sir Joseph Cook) that during the consideration of the Estimates I would test the feeling of the House upon

the subject by moving for the reduction of one item. At the request of the Minister, however, I allowed the Estimates to pass to-night, since it was desired that they should go before the Senate without delay; but I did so on the understanding that when the House was considering Supply to-morrow I would then test the feeling of honorable members. I do not intend, therefore, to enter into debate, but the statement of the Prime Minister that attention would be given to the matter does not meet the object of thousands of persons who, by direct representation, or by medium of their own representatives, have urged me to plead for the extension of the moratorium. I shall take action to-morrow, in no sense as a party move. The Government will acquit me of any such purpose for the reason that I made this offer, which I consider distinctly fair, that if the Government would extend the operation of the Act until Parliament had re-assembled, I would not move in the matter during the present stage of the session. I shall show to-morrow how this House was misled into curtailing the scope of the Act by a deliberate statement that if we extended it beyond six months it would not be held valid by the High Court, and thus we would lose everything by reason of the fact that the War Precautions Regulations had expired. Nevertheless, about six months after that statement was made, the War Precautions Regulations were still in force. I will take the opportunity to-morrow to demonstrate, by reference to *Hansard*, that it was that assurance, and that alone, which induced the majority of honorable members to take the action which they did. I desire to emphasize that my contemplated action in testing the feeling of honorable members will be a strictly non-party move. The homes of the people are far too sacred to be made the plaything of any one party; and I feel sure that, no matter what the decision may be, no honorable member will seek to make any political capital out of it.

Mr. WEST.—Would it not be well for the honorable member to ascertain in the meantime whether we have the constitutional power to do what he proposes?

Mr. McWILLIAMS.—I remind honorable members that six months after the utterance of the statement to which I have just alluded, the War Precautions Regu-

lations were put into force in connexion with the engineers' strike. If the position was sufficiently strong to enable them to be enforced in connexion with that crisis, it is idle now to say that we have not the power to proceed as I propose.

Question resolved in the affirmative.

House adjourned at 10.50 p.m.

Senate.

Thursday, 20 May, 1920.

The PRESIDENT (Senator the Hon. T. Givens) took the chair at 3 p.m., and read prayers.

PUBLIC SERVICE.

SUPERANNUATION FUND.

Senator SENIOR.—I ask the Leader of the Government in the Senate when a Bill will be introduced into Parliament to give effect to the promise made by the Prime Minister (Mr. Hughes) in his policy speech to provide for a superannuation fund for the Federal Public Service?

Senator MILLEN.—Some time after the termination of the approaching adjournment.

DEFENCE DEPARTMENT.

MOBILIZATION AND VEHICLE STORES.

Senator FAIRBAIRN.—I ask the Minister for Defence—

1. Is it the intention of the Government to spend £75,000 at the Seymour Camp on buildings for the housing of military stores without the consent of Parliament, and without any general defence scheme?

2. Could not the buildings at Broadmeadows be utilized for such military stores, and so save the long railway haulage to Seymour—60 miles—and leave the line in a better position to cope with starving stock and fodder traffic?

Senator PEARCE.—It is not proposed that the erection of the stores should be undertaken without parliamentary authority. That authority is now being sought in the ordinary way. A resolution has been moved and carried in the House of

Representatives referring the proposed work to the Public Works Committee. That Committee is now investigating the proposal, and on receipt of its report Parliament will be asked to approve of it. The point raised in connexion with Broadmeadows has received the full consideration of the Defence Department, and will, no doubt, receive consideration from the Public Works Committee, and also from Parliament, if that Committee recommends that the proposed work be proceeded with.

DUTIES ON IMPORTS.

EXCHANGE RATES.

Senator PRATTEN.—Is the Vice-President of the Executive Council yet in possession of information for which I asked last week, concerning the rates of exchange and the methods adopted by the Trade and Customs Department in assessing duties on imports?

Senator RUSSELL.—I shall give the honorable senator a reply to his question on the motion for the adjournment of the Senate.

APPROPRIATION BILL 1919-20.

Bill received from the House of Representatives.

Motion (by Senator MILLEN) agreed to—

That so much of the Standing and Sessional Orders be suspended as would prevent the Bill being passed through all its stages without delay.

DEFENCE ACT.

REGULATION 409.

Senator GRANT asked the Minister for Defence, *upon notice*—

1. Is a soldier of the Commonwealth entitled, under the military regulations, on making application for his discharge after serving, say, fourteen and a half years, to the benefit of the provisions of regulation 409 in proportion to the time served?

2. If so, will the Minister publish the information in the *Gazette*?

Senator PEARCE.—The answer is—

1 and 2. To be eligible for leave or payment in lieu thereof under Australian Military Regulation 409, it is necessary that an applicant who has under twenty years' continuous service should have attained the age for retirement on, or prior to, his discharge or retirement. Members of the Permanent Forces who have not

attained the age for retirement on, or prior to, their discharge or retirement, are therefore not eligible under the provisions of Australian Military Regulation 409.

EMBARGOES ON IMPORTS.

Senator PRATTEN asked the Minister representing the Minister for Trade and Customs, *upon notice*—

1. What import embargoes yet remain in connexion with goods of all sorts entering Australia?

2. Will the Minister take into consideration the advisability of allowing trade to resume its normal channels now that the new Tariff is in force?

Senator RUSSELL.—The answers are—

1. All restrictions as to imports have been removed under proclamation dated 19th May, except as regards dyes. This partial restriction has been maintained with the object of encouraging Empire production.

2. *Vide* answer to No. 1.

INCOME TAX.

Senator PRATTEN asked the Minister representing the Treasurer, *upon notice*—

1. Has the annual report of the Commissioner of Taxation for the year 1918-19 yet been issued? If not, will the Acting Treasurer have a concise statement prepared showing during that year—

(a) the total number of taxpayers assessed for income tax in each State;

(b) total amount of tax paid;

(c) a dissection of the above figures in graduated steps of taxable yearly incomes from £50 to £100,000?

2. Will he also have prepared a similar statement in graduated steps of £1,000 in connexion with probate and succession duties received?

Senator MILLEN.—The report is not yet complete. The Acting Treasurer has asked the Commissioner to hasten it as much as possible, and to try and give the honorable member this information.

NAVY.

HOBART AS A FLEET BASE.

Senator KEATING asked the Minister representing the Minister for the Navy, *upon notice*—

In view of the recent extensive developments in the tonnage and draught of the larger vessels of war, will the Government consider the advantage and advisableness of including Hobart among the Fleet Bases of the Commonwealth?

Senator MILLEN.—The matter will receive the consideration of the Government.

TELEGRAMS.

NOTIFICATION OF DAY OF LODGMENT.

Senator KEATING asked the Minister representing the Postmaster-General, *upon notice*—

1. Is he aware whether telegrams delivered on the day following the day of their lodgment for transmission frequently inconvenience and mislead, and sometimes occasion monetary loss to recipients, owing to the absence therefrom of a clear notification of the day of their lodgment?

2. Will the Department, either by way of a specially coloured form, or by clear notification of lodgment on the message, or by other effective means, provide as far as possible against error on the part of recipients of telegrams so delayed in delivery?

Senator RUSSELL—The answers are—

1. The usual practice is to place the date of lodgment of a telegram below the time of lodgment when such telegram was lodged on a day preceding the date of receipt. Inquiries are being made in all States to ascertain if this practice is being neglected, and, if this be found to be the case, special instructions will be issued to insure its observance.

2. Yes.

PUBLIC SERVICE.

TRANSFERS TO AND FROM SOUTH AUSTRALIA.

Senator SENIOR asked the Minister representing the Prime Minister, *upon notice*—

1. How many officers of the Public Service have been transferred from other States into South Australia during the years 1914 to 1920 in each of the following classes:—1st, 2nd, 3rd, 4th, 5th?

2. How many officers were transferred from South Australia to other States during the same periods, and in the same classes?

Senator MILLEN.—I lay on the table of the Senate the following statement giving the information desired by the honorable senator:—

STATEMENT SHOWING NUMBER OF OFFICERS OF THE COMMONWEALTH PUBLIC SERVICE WHO HAVE BEEN TRANSFERRED FROM OTHER STATES INTO SOUTH AUSTRALIA DURING THE YEARS 1914-15 TO 1919-20.

Class.	1914-15.	1915-16.	1916-17.	1917-18.	1918-19.	1919-20.	Total.
First..	..	..	..	..	..	..	..
Second	1	2	..	..	..	..	3
Third	..	2	..	..	..	1	3
Fourth	1	4	..	..	..	1	6
Fifth..	1	2	1	..	3	..	7

STATEMENT SHOWING NUMBER OF OFFICERS OF THE COMMONWEALTH PUBLIC SERVICE WHO HAVE BEEN TRANSFERRED FROM SOUTH AUSTRALIA TO THE OTHER STATES DURING THE YEARS 1914-15 TO 1919-20.

Class.	1914-15.	1915-16.	1916-17.	1917-18.	1918-19.	1919-20.	Total.
First..	..	..	..	..	..	..	..
Second	..	..	..	..	1	..	1
Third..	1	..	1	..	..	..	2
Fourth	..	1	..	..	1	..	2
Fifth..	5	3	..	1	1	2	12

CONDUCT OF BUSINESS.

Motions (by Senator MILLEN) agreed to—

That until the 21st day of May, 1920, Government business, unless otherwise ordered, take precedence of all other business on the notice-paper, except questions and formal motions.

That standing order No. 63 be suspended up to and including Friday, the 21st instant, for the purpose of enabling new business to be commenced after half-past ten o'clock at night.

OIL AGREEMENT BILL.

In Committee (Consideration resumed from 19th May, *vide* page 2228):

The Schedule.

Paragraph 7—

For the purposes of this agreement the term "indigenous oil" shall mean crude mineral oil obtained in the Commonwealth of Australia or in any Territory of or under the authority of the Commonwealth, or in any place over which the Commonwealth has a mandate.

Upon which Senator BAKHAP had moved—

That the word "obtained" be left out with a view to insert in lieu thereof the words "which has been produced from shale or any other source."

Senator BAKHAP (Tasmania) [3.10].—My intention and purpose having been sufficiently disclosed during the discussion in Committee last night, it is not necessary for me to give any further reasons for submitting this amendment. The agreement, as a whole, is to me valuable, and particularly so because I believe that it will provide an incentive to the development of known oil resources which, up to the present, exclusively consist of shale-oil deposits. The Commonwealth is under an obligation, if it considers the development of the Australian oil resources essential, to do everything in its

power to substitute native oil for the 200,000 tons of imported oil. To a very considerable extent this opportunity exists, and I submit the amendment for the purpose of defining the position, and not only because I recognise that the Commonwealth Government, if it fully comprehends its duty, will endeavour to substitute native oil, from whatever source, for imported oil. Despite any controversy there may be concerning the interpretation of the word "indigenous," I desire to place it beyond all doubt that shale oil available in the Commonwealth must be refined in substitution for imported oil. One of the reasons that will cause criticism to be directed at this measure will be that its incidence may be considered to preclude the development of Australian shale-oil deposits, and, that being so, it is my duty to see that the essential value of the Bill is demonstrated by properly securing that supplies of shale oil shall be offered to, and accepted by, the Refinery Company. If mineral oil produced from shale is unobjectionable, then my amendment is unobjectionable. If there is any technical difficulty in the way to prevent the development of Australian shale-oil deposits, that difficulty should be disclosed, because it will show that the Refinery Company, in its possible preference for imported oil, may seriously militate against the development of our shale-oil deposits. If there is no difficulty in the way, there can be no reason for not agreeing to my amendment. I have merely asked for the deletion of the word "obtained." with a view of inserting in lieu thereof the words "which has been produced from shale or any other source." That determines conclusively the fact that shale oil, or oil produced from shale, if offered to the Refinery Company must be refined with the assistance of its best technical knowledge. If the company is placed in a position to say that shale oil is something quite out of the way, that it is not going to refine it, and we are to be put under an obligation, we should know exactly where we are. If there is anything in this agreement that has not been disclosed, and that will prevent the development of the shale-oil deposits in Australia, I want to know what it is. We should know that if, as a result of its operations, or the operations of different States, the company is offered 200,000

Senator Bakhap.

tons or less of Australian crude mineral shale oil, that oil must be taken in substitution for an equal quantity of imported oil. Honorable senators understand exactly what I mean, and without labouring the question I ask the Committee to agree to my amendment.

Senator PEARCE (Western Australia—Minister for Defence) [3.15].—**Senator Bakhap** has argued that shale oil is excluded, and, as a matter of fact, it is excluded under that term, but is embodied in the term "indigenous oil." We do not need to insert the proposed amendment, as it is quite unnecessary. I asked that progress be reported last night as, on the spur of the moment, I did not feel competent to express an opinion on a technical point. I was anxious to consult the Crown Law officers who were responsible for drafting the agreement, and also the representative of the Anglo-Persian Oil Company. The representative of the company stated—

Shale oil is unquestionably mineral oil, and crude shale oil must therefore be crude mineral oil.

That opinion is confirmed by Sir Robert Garran, who has clearly stated that there is no necessity for including the amendment in the schedule.

Senator BAKHAP.—If there is any dispute, will it be interpreted by the representative of the Anglo-Persian Oil Company, by Sir Robert Garran, or by a Judge?

Senator PEARCE.—That will be determined by arbitrators, but I point out that the representative of the company has already conceded the point.

Senator BAKHAP.—It is not conceded in the agreement.

Senator PEARCE.—I am making the statement with the full authority and consent of the representative of the company, and therefore the matter is placed beyond all doubt. I ask Senator Bakhap not to press his amendment, as I feel sure he does not desire to unnecessarily amend the measure, when it will have to be returned to another place.

Senator BAKHAP.—The word "shale" does not appear once in the schedule.

Senator PEARCE.—Because "mineral oil" includes shale and all other kinds of oil secured by boring.

Senator BAKHAP.—Can the Minister quote an authority?

Senator PEARCE.—I have already quoted the opinion of the Solicitor-General, who has satisfied himself on the point, and that opinion has been confirmed by the representative of the company. Surely that is sufficient.

Senator GRANT (New South Wales) [3.18].—The amendment moved by Senator Bakhap may appear unnecessary, but we have been assured that there is a distinct difference between "indigenous oil" and "crude mineral oil." Are the Government objecting to the amendment merely because it will necessitate the addition of a few words and the holding up of the Bill for a few hours? In drafting this agreement, why are the words "indigenous oil" and "crude mineral oil" distinctly specified if they mean the same? It appears that they are not the same.

Senator MULCAHY.—There is a definition in the agreement.

Senator GRANT.—If the honorable senator will look at paragraph 11, he will see where indigenous oil and crude mineral oil are to be supplied by the Commonwealth to the Refinery Company at a certain price. When, in the agreement itself, there is apparently a distinction between indigenous and crude oil, what is the objection to the amendment of Senator Bakhap, which is aimed to provide a clear definition? I understand that one of the main reasons why the Commonwealth Oil Corporation, which commenced operations several years ago in the neighbourhood of Lithgow, lost a large sum of money in its unsuccessful enterprise was that the machinery which it had installed was not suitable for dealing with the rich shale existing in that locality. Is it not likely that the Anglo-Persian Company, when the refinery is erected, may instal machinery quite suited to the refining of crude oil from the Persian fields, but which may not be capable of dealing with the deposits that we hope to see discovered in Tasmania, New South Wales, and other parts of the Commonwealth? Instead of aiming first to develop the oil resources of the Commonwealth, this company may naturally prefer to erect machinery capable of dealing with the product of which it has complete knowledge, and it may not be so desirous of refining any crude oil which may be obtained in the Commonwealth.

Senator KEATING (Tasmania) [3.23].—I hope the Minister for Defence

(Senator Pearce) will not resist the amendment, or that if he does, it will only be on the ground that he thinks the intention of Senator Bakhap can be better expressed. Honorable senators can all agree with the Minister and with Sir Robert Garran, and anybody else, who may state that the oil referred to by Senator Pakhap is indigenous. There is no doubt that it is, in the ordinary acceptance of that term. It is mineral also. But we are not dealing with the ordinary acceptance—the dictionary meaning—of the word "indigenous." This is a paragraph having to do with the matter of definition, and we are saying, for the purpose of this agreement, what the term "indigenous" shall mean. We are not relying on the original meaning. We are giving a meaning to the term, and adopting that meaning, for the purposes of this agreement; and Senator Bakhap rightly claims that we are limiting the meaning to crude mineral oil.

Senator PEARCE.—Does the honorable senator say that shale oil is not crude mineral oil?

Senator KEATING.—Senator Bakhap pointed out that shale oil is subject to, and the product of, certain processes.

Senator PEARCE.—But the refinery will not refine anything but crude mineral oil, and that will include shale oil in the crude state.

Senator KEATING.—It is open to grave doubt upon this definition. If there were no definition at all, there would be no necessity for the amendment of Senator Bakhap. Those who have advised the Minister are relying on the meaning of the word "indigenous" as it appears in the dictionary. It is for Parliament, however, to give it a special meaning for the specific purpose of this agreement. We have to put aside from consideration the original, or dictionary meaning.

Senator PEARCE.—Is the shale oil to which the honorable senator refers indigenous? Yes! Is it mineral oil? Yes!

Senator KEATING.—Does it come under this definition?

Senator PEARCE.—Yes.

Senator KEATING.—If there is any doubt concerning whether or not it comes under this definition, and if the Minister says it does, then he should accept the amendment and so remove all possible doubt. What is the use of referring

honorable senators back to the dictionary meaning? The statements of the authorities consulted by the Minister are, in effect, that this oil must be indigenous because of the dictionary meaning of the word and not because of the statutory definition which we are to insert. I strongly urge that no doubt shall be left about the matter.

Senator SENIOR (South Australia) [3.27].—I cannot quite follow the arguments of Senator Keating. The statement of the Minister for Defence (Senator Pearce) is clear and definite. The only thing that is different from what is intended here as crude mineral oil is flowing oil; and if oil is extracted from shale it will then be exactly like flowing oil.

Senator BAKHAP.—But it may contain many constituents which ordinary natural crude oil has not.

Senator SENIOR.—Ordinary crude mineral oil is not the same in its constituents in various parts of the world. Persian oil may differ materially in respect of many of its constituents from that which may be discovered as flowing oil in Australia.

Senator KEATING.—Why, in a subsequent paragraph, are the terms "indigenous oil" and "crude mineral oil" employed separately?

Senator SENIOR.—Indigenous oil is mentioned only for this purpose, namely, that it is indigenous to Australia. It is a product of the country in which the refinery is to be erected.

Senator KEATING.—That is all very well; but we want a statutory definition.

Senator SENIOR.—While the motive of Senator Bakhap is undoubtedly good, I cannot see that it makes the matter any clearer or takes us one step further.

Senator BAKHAP.—But that one step will be on a solid foundation, if my amendment is accepted.

Senator SENIOR.—The matter is perfectly clear. Oil is sometimes found in sand, and not in shale. If the amendment is agreed to, oil from sand, not being shale oil—

Senator BAKHAP.—But it would come under the words "other sources." I have not forgotten the interests of the honorable senator's State, any more than I have forgotten those of mine.

Senator SENIOR.—The only difference between flowing oil and shale oil is that a process of natural distillation has taken

place in the case of the former, which is found in cavities or reservoirs between two impervious strata. If the strata be permeable, the product is, of course, shale oil, and needs distillation. It appears to me, therefore, that the amendment will merely cloud the issue.

Senator BAKHAP (Tasmania) [3.32].—The only possible objection that can be taken to the amendment is that it is redundant, and in connexion with legal matters redundancy is not regarded as a fault. In paragraph 3 of the agreement the letters of the alphabet have been levied upon, and Roman and Arabic numerals employed for the purpose of defining certain things. All I wish to do is to secure the exclusion of one word in paragraph 7 for the purpose of inserting less than a dozen words to make it quite clear that oil derived from shale, if made available to the Refinery Company in any quantity or volume up to 200,000 tons per annum, must be used in substitution for imported oil.

Senator PRATTEN.—At a reasonable price.

Senator BAKHAP.—The Commonwealth has a self-imposed obligation to substitute any indigenous oil for the imported product, and at present the only known Australian source is shale, which must be retorted to produce any volume of oil. I know that at times shale oil contains certain elements which may be regarded by the technical experts of the Refinery Company as objectionable in comparison with the imported liquid mineral oil, and I want to protect my own country. The British Empire is a great deal to me, and so is the British company. But over and above all I have a right to impress upon the minds of honorable senators, if I can, the necessity for protecting this industry for the production of oil from the only known source in Australia.

Senator PEARCE.—The amendment is unnecessary.

Senator BAKHAP.—This agreement has never been before any judicial tribunal and as long as the company, in which the Commonwealth Government will be the predominant partner, works satisfactorily, the document is not likely to come before any arbitrating authority. But I know of no matter contained in the agreement that is more likely to call for review than this technical definition of crude mineral oil to be supplied to the refinery. It is

my desire to protect the interests of my own country against any company, and I shall insist, to the best of my ability, on the insertion of the words.

Senator PRATTEN (New South Wales) [3.35].—I do not wish this question to go to a vote without stating my position. Had the explanation not been given by the Minister for Defence (Senator Pearce), I should certainly have voted for the amendment, but after listening to the Minister's remarks, I have come to the conclusion that the amendment is not necessary. I admire my honorable friends from Tasmania for the fight they are putting up for the protection of the shale oil industry of that State. I am aware that there are said to be very large shale deposits of great potential value to the Commonwealth in the Latrobe district of Tasmania. But in my own State the development of the shale oil industry has gone much further than in any other part of Australia. Large deposits are being successfully worked in the Lithgow valley, and recently a company started to resuscitate the industry at Murrurundi and Joadja Creek. In a report published yesterday of the Commonwealth Oil Company in Sydney it was stated that the net profits, including bounty, for the six months ending 3rd September was £26,000, and that during the period referred to the company retorted 18,000 tons of shale, from which 1,660,000 gallons of crude oil and naphtha was obtained. Yesterday we were told that the total consumption of the Commonwealth was 52,000,000 gallons per annum, and I think we have every reason to be pleased with the progress of the enterprise referred to; but I shall not vote for the amendment to compel the Refinery Company to accept shale oil at any price, because if we are going to erect a refinery for the purpose of bringing down the price of oil we must not think about raising the price artificially in order to keep the shale oil industry going. I feel quite satisfied with the Minister's explanation. My view is that, if shale oil is available in sufficient quantities, and at a reasonable price, the Refinery Company will have to take it. Consequently the shale oil industry is fully protected.

Senator MULCAHY (Tasmania) [3.40].—I confess that I am somewhat mystified by the argument presented by Senator Pratten. Notwithstanding the very clear

explanation of the Minister for Defence (Senator Pearce), he evidently considers that shale oil will not be acceptable as a substitute for crude imported oil.

Senator THOMAS.—He did not say any such thing.

Senator MULCAHY.—He said that he did not think we should push the shale-oil industry.

Senator PRATTEN.—I think that the honorable senator misunderstood me.

Senator MULCAHY.—Then the honorable senator will have an opportunity of making his position clear. There is in the public mind a very great distinction between oil obtained from a well, in a liquid form and oil obtained from a shale mine.

Senator PEARCE.—Is there any doubt in the public mind that shale oil is a mineral oil?

Senator MULCAHY.—It is only right that we should make this matter so clear as to obviate all possibility of misunderstanding. When we speak of obtaining oil we mean something which is entirely different from extracting oil. I suggest that the paragraph should be made to read—"For the purposes of this agreement the term 'indigenous oil' shall mean and include crude mineral oil obtained in the Commonwealth of Australia or extracted from shale in any Territory of the Commonwealth." The position would then be absolutely clear. I fear that this agreement will strike a death-blow at the production of shale oil throughout Australia. I have been told on the very best authority that the production from the 200,000 tons of crude oil which will be imported by the Refinery Company for refining in the Commonwealth will amount to about 80,000 tons of fuel oil and about 60,000 tons of petrol. In the latter case the quantity refined here will suffice for only one-half of our actual consumption, whilst in the former it will suffice for double our needs.

Senator PRATTEN.—Two refineries would be necessary to supply all our wants.

Senator MULCAHY.—Two refineries would be required to supply all our needs in respect of petrol and kerosene. But what are we to do in regard to our own fuel oil? The shale industry in Tasmania depends very largely upon the demand in Australia for fuel oil.

Senator PRATTEN.—The gas companies will use a lot of it.

Senator MULCAHY.—The gas companies have been very short of coal lately, but I have not heard that they have used very much of our fuel oil. Certainly they have used a little of our shale. The shale-oil industry in New South Wales, and particularly in Tasmania, depends largely upon the possession of a home market for crude fuel oil. In New South Wales there are very extensive shale deposits. I have here a book containing a very full description of the shale-oil mines working in that State up to the year 1901. It shows that in an area 200 miles long by 60 miles wide, extending from Murrurundi, in the north, to Clyde, in the south, there are about fifty localities in which torbanite yielding oil and other nitrogenous products very valuable to Australia have been found. Yet we find a professedly Protectionist Government putting before us a proposal which will jeopardize the future of one of the most important of our primary industries.

Senator PEARCE.—By means of this agreement?

Senator MULCAHY.—By the introduction of 200,000 tons annually of a commodity which we do not want, for the purpose of getting another commodity that we do want. I quite agree with the basic idea underlying this agreement, that, as we are large consumers of petrol and kerosene, we should transfer our trade to a British company. We know that the two big Trusts which are in existence have penalized Australia. Their interests have been set above those of Australia, and we have a right to go to our own people with a view to obtaining from them more cheaply the commodity that we require. But I submit we are going the wrong way to work. If we wish to obtain Persian petrol from a British company, why cannot the Commonwealth buy it, and supply it to those who require it? Why should we risk destroying what would otherwise become a very valuable industry here? If we have a few more coal strikes we shall have to resort to some other form of fuel. By the introduction of 80,000 tons of fuel oil annually we are going to threaten with utter extinction the shale-oil industry of Australia.

Senator DE LARGIE.—A most sickly industry it is, too.

Senator MULCAHY.—In dealing with a large and very astute company such as the Anglo-Persian Oil Company, which has behind it some of the biggest minds in the world, we need to have a very

carefully drawn agreement, in which there shall be no possibility of ambiguity. Honorable senators may possibly recollect a remark which was made by the Chief Justice of the High Court the other day, to the effect that obviously Parliament had forgotten to amend a certain Act. We do not want a similar remark to be made concerning this important agreement. Let us make the position perfectly clear, and that is all that Senator Bakhap, by his amendment, desires to do.

Question—That the word proposed to be left out be left out (Senator BAKHAP's amendment)—put. The Committee divided.

Ayes	5
Noes	15

Majority	10
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AYES.

Bakhap, T. J. K.	Mulcahy, E.
Earle, J.	Teller:
Keating, J. H.	Grant, J.

NOES.

Barker, S.	Pratten, H. E.
Bolton, W. K.	Reid, M.
Buzacott, R.	Russell, E. J.
Fairbairn, G.	Senior, W.
Foll, H. S.	Shannon, J. W.
Millen, E. D.	Thomas, J.
Newland, J.	Teller:
Pearce, G. F.	de Largie, H.

Question so resolved in the negative.

Amendment negatived.

Paragraph agreed to.

Paragraphs 8 to 10 agreed to.

Paragraph 11—

The price payable by the Refinery Company to the Commonwealth and to the Oil Company respectively for indigenous oil and for crude mineral oil shall from time to time be fixed by agreement between the Commonwealth and the Oil Company, and shall be based upon the contents of the oil.

Senator GRANT (New South Wales) [3.55].—During the discussion of this Bill I made several efforts to ascertain why the words "indigenous" and "crude mineral oil" are used in the paragraphs of this agreement. This paragraph appears to me to indicate that those who drafted the agreement had two distinctly different ideas in mind. I should be glad if, at this stage, the Minister would explain why both these descriptions are included in the paragraph.

Senator PEARCE (Western Australia—Minister for Defence) [3.56].—I should have thought that the reason was sufficiently obvious. In both cases crude

mineral oil is referred to, but the two descriptions "indigenous" and "crude mineral oil" are used to distinguish the crude mineral oil produced in Australia from that imported by the company.

Paragraph agreed to.

Paragraphs 12 and 13 agreed to.

Paragraph 13A—

The Refinery Company shall sell its oil products at such prices as are fair and reasonable.

Senator EARLE (Tasmania) [3.57].—

When we were dealing with paragraph 3 of the schedule, I intimated my intention to move an amendment in order to give the Commonwealth power beyond all doubt to decide what would be a fair and reasonable price for the oil. I, therefore, move—

That the word "as" be left out with a view to insert in lieu thereof the words "which in the opinion of the Commonwealth."

It has been contended by the Minister for Defence (Senator Pearce) that the Commonwealth has the power to define what are fair and reasonable prices. I have heard several honorable senators speak on this subject, but no one seems to be quite sure that it is really the Commonwealth that will have the power to decide this matter. If it is the desire of the Government and of the Committee to place in the hands of the Commonwealth the power to decide what are fair and reasonable prices to be charged for this oil, there can be no possible objection raised to my amendment.

Senator PEARCE (Western Australia—Minister for Defence) [3.58].—I do not think that it is necessary to make this amendment. The Commonwealth is a party to this agreement, and it is also the chief shareholder in the company. It possesses in that fact a very important reserve power to enforce its will in this regard. In the terms of the honorable senator's amendment the Commonwealth is not the partner in this company, but the Commonwealth Government. If the Commonwealth Government comes to the conclusion that the prices charged are not fair and reasonable it will call upon the company, of which it is itself the chief shareholder, to reduce the prices to what are fair and reasonable. But that is a question upon which, surely, the company should have some voice, and should be able to put its own case forward. If there should continue to be a disagreement between the Commonwealth

Government and the company on the subject, each can agree to the appointment of an arbitrator to go into the matter and decide it.

Senator EARLE.—That is not provided for in the agreement.

Senator PEARCE.—It is not, but there is a provision for arbitration in case of a deadlock, and should a deadlock occur in deciding what are fair and reasonable prices, it is obvious that what I have suggested is the course that would be followed. I point out that the Commonwealth holds the "big stick" in hand.

Senator NEWLAND.—The amendment would give the Commonwealth two "big sticks."

Senator PEARCE.—It would; but I ask honorable senators not to carry an amendment of the schedule merely for the purpose of painting the lily. The Commonwealth will be in a strong position under this agreement, but it should be borne in mind that the company has some rights, and should have some voice to protect its interests, which, incidentally, will be the interests of the Commonwealth also. The agreement will be powerfully opposed, but this Refinery Company will be subjected to powerful and continued opposition. Opposition may arise at a time when there may be a Commonwealth Government in power hostile to this company. That is quite on the cards, and in that case a hostile Government could practically destroy this company by declaring that the prices proposed to be charged for the oil were unfair and unreasonable. There would then be no recourse for the company, as, under the amendment, the Commonwealth Government would be the absolute arbiter. On the other hand, the Commonwealth can never be placed in that position under the agreement, because, in the case of a deadlock, it can have recourse to an arbitrator, and may, by reason of its predominating share interest, exercise the control required in the interests of the community. It seems to me that the Committee might leave the paragraph as it stands.

Senator SENIOR (South Australia) [4.1].—I have followed the reasoning of the Minister for Defence (Senator Pearce), but I am unable to arrive at the same conclusion, because three-sevenths of the directorate of the Refinery

Company will represent the Commonwealth and four-sevenths the Oil Company. The Commonwealth may have a controlling interest so far as the shares are concerned, but it is the directorate that will have the determination of the price of the oil.

Senator PEARCE.—If the company charged an unfair and unreasonable price, what would happen would be that the Standard Oil and other companies would secure the Australian market.

Senator SENIOR.—I wish it to be clearly understood that I am not opposed to the agreement. I am as desirous as is the Minister that this should be made a useful and perfect measure, but I realize the possibility of danger under this paragraph. If the fixing of the price of the oil were a matter dealt with by the whole company, the contention of the Minister would be right. But this is not a question to be submitted to the shareholders, but a question of administration determined by the directorate, in which the Oil Company will exercise a predominating influence. If they as directors determine that the price of the oil shall be so much, although we hold a majority of the shares, we may have a minority of control on the directorate. Where is the provision in the agreement that will bring a dispute to the position provided elsewhere that it shall be determined by arbitration? If the Minister for Defence can assure us that that point is covered we have a fair safeguard. It has been mentioned by the Minister that an adverse Government may be in power whose object might be to destroy the company by decreasing the price of oil until its production was unprofitable, in which case the Commonwealth Government would lose.

Senator THOMAS.—But the general public would gain.

Senator SENIOR.—That point may be of interest to Senator Thomas, who is a keen advocate of Free Trade, but he must also remember that there is in the agreement an anti-dumping clause.

Senator PEARCE.—The anti-dumping clause is not automatic.

Senator SENIOR.—We shall come to that directly, and possibly it will be shown that just as the anti-dumping provisions are not automatic, so will it be shown that deadlocks are not automatic. It is necessary to provide some means by

which deadlocks can be obviated on such an important matter. I do not see that the suggestion will do any harm, and unless the Minister for Defence is prepared to give the Committee further information I intend to support Senator Earle's amendment.

Senator FAIRBAIRN (Victoria) [4.7].—I take it that this is an agreement between two contracting parties, and that if Senator Earle's amendment is adopted it will give complete power to the Government of the day to determine what is a fair and reasonable price. It does not require any stretch of imagination to say what would happen when the public was clamouring for a low-priced commodity. The wishes of the public would outweigh the desire of the Government to pay a fair and reasonable price, and we would have a Government declaring that oil should be sold at a price which would not enable the company to carry on its operations profitably. The natural result would be that the work of the company would come to a standstill. If we desire this company to start at all, we cannot expect it to commence operations under such circumstances as the amendment suggests. If Senator Earle's amendment is carried we may as well throw the whole agreement in the waste-paper basket, because no sensible business man would enter into such a contract, particularly when there is a strong desire on the part of the people for cheap commodities. I am certain that a concern such as the Anglo-Persian Oil Company would not work under such an agreement, particularly when the Government would have the power of fixing the price. Senator Senior said, in effect, that if the company did not declare a high price it would lose money, but how can we weigh that against the natural desire of the Government to meet the clamour for cheap oil? As the Minister for Defence has pointed out, if there is a dispute as to what is a fair and reasonable price the arbitration provision will operate, and the matter will be settled in a straightforward manner. The paragraph as it stands is just, and should have the support of the Committee.

Senator PRATTEN (New South Wales) [4.12].—I am glad that Senator Fairbairn has drawn the attention of the

Committee to the fact that there is another party to be considered. Since I have been a member of this Chamber I have rarely experienced an occasion when I have heard so many detailed criticisms from candid friends outside in connexion with a matter on which we have been called to legislate. By telephone and by letter I have had communications from people, influenced, I suppose, by patriotic or other motives, criticising the Bill, and saying why it should not be passed. This measure is not to create a monopoly, but to break one, and we have to consider that there are two sides to the question. Every labourer is worthy of his hire, and the Anglo-Persian Oil Company has to receive a fair and reasonable profit. My belief is that, even though it does get a fair and reasonable profit, oil in Australia will be much cheaper, as the result of this agreement, and we are also safeguarded from the grasping monopoly that the people of the Commonwealth have been suffering under so long. When once the refinery is operating, and our oil resources are developed, we shall be in a much better position than we are at present.

Senator EARLE (Tasmania) [4.14].—I am rather amused at the attitude adopted by Senator Fairbairn and Senator Pratten in their criticisms of my effort to make this provision practicable. If, as Senator Fairbairn stated, my amendment will ruin the whole agreement, what in the name of fortune is the use of the paragraph? Is it camouflage, deceit, or a smoke screen in the interests of this company. The paragraph provides that the company must sell its products at a fair and reasonable price, and honorable senators object to the Government saving what is fair and reasonable. The Minister for Defence (Senator Pearce) suggested that perhaps a hostile Government might be elected by the people, and that it would insist upon the company selling its products at a price that will ultimately result in the company's ruin. Can we imagine for a moment the people electing a Government that would ruin an industry? If honorable senators are opposed to the amendment, and do not wish to protect the consumers of oil, let them strike the paragraph out altogether, and allow the company to charge what it likes. It has been said that we should not allow one party to the agreement to

have any special control, and that all decisions should be mutually arrived at. But in paragraph 3 there are no less than five different proposals that can be decided only by the Government. Under those provisions the company trusts the Government to decide what is just, and why cannot it trust the Government to say what is a fair and reasonable price for its products? I can quite understand that the Minister for Defence is anxious to pass the Bill in the form in which it left another place.

Senator PEARCE.—It is not that; the agreement has been signed.

Senator EARLE.—But it has to be ratified by Parliament, and has to go back to the interested parties for their concurrence. I can quite understand the Minister's attitude, and if I were in his position I would act similarly; but I cannot understand honorable senators, who are representatives of the people, taking a similar stand. If the paragraph is of any value, and is not here as a blind, there can be no objection to the insertion of the words I suggest in order that the representatives of the people shall have a right to say what is a fair and reasonable price.

Senator NEWLAND (South Australia) [4.19].—I disagree with the views expressed by Senator Earle concerning the attitude of the Minister for Defence (Senator Pearce). Even if the Minister were anxious to pass the Bill in its present form, that would not influence me in the least. If honorable senators thought that there was any benefit to be gained by amending the schedule, it would be stupid in the extreme to oppose the amendment. It would be unreasonable for the Government to submit a paragraph to this Chamber, and tell us that all we have to do is to agree to it without an amendment. The Minister for Defence does not take up that attitude, and honorable senators would not, even if the Minister did, as we have the right to make whatever amendments we may consider necessary. What are we asked to do? To give the Commonwealth Government—whatever Government it may be—the absolute right to fix the price of the product at any figure they desire. Would any intelligent man come here and take the risk of spending a huge sum of money knowing that a Commonwealth Government might, some day, be prompted to

lower the price of the product to any figure desired? Would any intelligent man conceive that, yielding to popular clamour, or for any other motive, the Federal Government might, at some future date, alter the price in such a manner? It is only a few weeks since another agreement was being considered by this Chamber. I refer to the sugar agreement. Does anyone think that, if the Government could have reduced the price of sugar it would have failed to do so, in face of the outcry which arose from all over the Commonwealth? We are seeking to establish new industries in Australia. We are looking for more people, and for more work for the people whom we have here. We are seeking the cheapest fuel which can be secured to assist Australian industries. Here is a company prepared to operate in the Commonwealth under this agreement, or under the agreement as it may be reasonably amended. But no company would establish itself in this country if, in addition to the proportion of control held by the Commonwealth authority, the latter also had the power to fix the price, irrespective of what the company might desire. If honorable senators will examine paragraph 22 they will perceive that it makes specific reference to arbitration. By that means there can be settled any such dispute as may arise between the company and the Commonwealth. The Arbitration Act is specially referred to. I ask honorable senators, therefore, not to seek to make any such alterations in the agreement as will jeopardize this projected new Australian industry.

Senator GRANT (New South Wales) [4.25].—The more one examines this schedule the more one becomes suspicious of its contents. The Refinery Company will be unable to go beyond the Anglo-Persian Oil Company for its crude supplies. The Anglo-Persian Company, in the first place, will have the right to supply oil, practically at its own figure, to the Refinery Company. The proposed amendment seeks to place some restriction upon the price which may be charged by the Refinery Company to consumers in Australia. It may be said that this agreement is calculated to break up the Standard Oil Trust and the Shell Company, so far as their activities in Australia are concerned. I fear that it will prove that we are merely creating another monopoly, and that, so far as the matter of pro-

viding cheap oil is concerned, we shall be entirely deceived. I have no hope that Australia will be supplied with cheap oil from this proposed source. If the Government itself were to establish a refinery, and were to import crude oil, the people of Australia might have a chance of securing cheap supplies. It is deplorable to be in the hands of one or two companies. The cost of oil has been shown to have increased fully 100 per cent. since 1914, and it is still increasing. That fact brings home to us the nature of the grip which these oil companies have, not only on Australia but on other countries also.

Senator BARKER (Victoria) [4.28].—I do not support the amendment. I do not see what good purpose it can serve. The schedule, as it stands, gives to the Commonwealth power to deal with the price of oil. Here is a venture in which the Government comes in practically as a majority shareholder. It has a majority of capital, and even although it is to have a minority of representation upon the directorate, that consideration is really small, seeing that the Government will wield the greater influence. The people of Australia should reasonably expect to make a good thing out of the agreement. But, if unnecessary obstacles are placed in the way of establishing the industry, then those honorable senators who are responsible will have to answer to the people, who are looking to be benefited. If the price is to be fixed, it must be fixed by the directorate. Who is the directorate? The Government, in conjunction with the company's representatives. Is the Government likely to do anything to destroy the company in which it has tied up a large amount of capital on behalf of the people of Australia?

Amendment negatived.

Paragraph agreed to.

Paragraph 14—

In order to insure the full success and development of the oil-refining industry in Australia the Commonwealth will, so long as the prices charged by the Refinery Company for products of refining are considered by the Commonwealth fair and reasonable—

- (a) exercise or cause to be exercised such statutory and administrative powers as it deems advisable to prevent dumping and unfair competition by importers of refined oil from other countries;

(b) refund to the Refinery Company any Customs duty paid by the Refinery Company upon the importation into Australia of crude mineral oil purchased from the Oil Company and refined in Australia by the Refinery Company; and

(c) cause to be introduced into the Parliament of the Commonwealth and supported as a Government measure a Bill providing for the imposition of Customs duties on crude mineral oil whenever, in its opinion, such action is necessary or advisable to prevent unfair competition with the products of crude oil refined in Australia by the Refinery Company.

Senator THOMAS (New South Wales) [4.32].—I did not speak upon the second reading of this Bill for the main reason that I am in hearty accord with it. But I oppose the whole of this paragraph. It is a blot on what otherwise may be regarded as a very good agreement. The paragraph may be termed the anti-dumping provision. If the Vacuum Oil Company, or the "Shell" Company, or any other firm, desired to smash a new rival—such as will be brought into being by this agreement—it might dump oil in Australia at a very cheap rate, and thus strangle the infant enterprise. But I cannot imagine that any private interest would attempt, by the process of dumping, to smash a company which is associated with the Commonwealth Government. Some ten years ago, when it was my duty to take a close interest in the matter of shipping, I heard evidence being given by the general manager of the Orient Line. It is known that shipping firms keep a considerable sum in hand with which to fight any new company that may be formed as a competitor. I asked this witness whether the shipping activities concerned in the Combine would be prepared to fight any new interest which might come along as a rival. The witness answered, "Yes." I then asked, "Would you be prepared to fight a Commonwealth steam-ship line?" and he said, "That is quite another question." And so it is.

Senator PEARCE.—But it is not to-day.

Senator THOMAS.—If the shipping companies are fighting the Commonwealth steamers to-day, it is, by way of reducing freights.

Senator NEWLAND.—They are doing so by penalizing our customers.

Senator THOMAS.—Suppose they are fighting the Commonwealth line of steamers, and are offering freight at a considerable reduction upon the Commonwealth charges. As we have only a few ships capable of dealing with, say, 10 per cent. of the freight offering, it follows that if 90 per cent. of the freight is carried by other ships at a cheap rate, the people of the Commonwealth will be better off. If the Combine carried our goods for nothing, it would pay us to have the Commonwealth steamers laid up and being painted, until we were ready to start again, because, during the whole of that time, there would be no freight charges. If any other company wishes to fight the Anglo-Persian Company by sending cheap oil into this country, we ought not to complain. I listened very carefully to the debate, and I must confess that I am a little befogged. One honorable senator seemed to think that we would get cheap oil under this agreement. His trouble appeared to be that it might be so cheap as to interfere with the shale oil industry.

Senator MULCAHY.—Who expressed that sentiment?

Senator THOMAS.—I understood the honorable senator did. He said that if this agreement is ratified, it will kill the shale oil industry in Australia.

Senator MULCAHY.—I said that most distinctly.

Senator THOMAS.—Why? The only inference is that cheaper oil will be available. If there is any other way by which the industry is to be killed, I should like to know of it.

Senator PEARCE.—It might be cheap oil until the Refinery Company's business was destroyed, and much dearer for a long time afterwards.

Senator THOMAS.—While Senator Mulcahy seems to think that we will get oil so cheaply as to kill the shale oil business, other honorable senators appear to be afraid that it will not be cheap enough. According to my view, the proper way to insure a plentiful supply of oil at a fair and reasonable price is to throw the trade open to the competition of the world. I should like to see this dumping clause eliminated. If outside competitors can furnish us with a cheaper and a better oil, the people of Australia would be justified in wanting to get it. With the support of the Government the Refinery Company ought to be able to

carry on and do all that is necessary without this anti-dumping safeguard. One reason why I am opposed to it is that I fear the Refinery Company might fall back upon it in the face of threatened competition, and be too ready to ask for it to be put into operation. I admit that my views on this question of dumping differ somewhat from those of some other honorable senators. If people send oil or any other goods to this country, they, of course, require something in return for it, either wool, corn, other products, or gold. The position taken up by those who favour the anti-dumping portion of the agreement is that if, say, the Standard or Vacuum Oil companies declared their intention of selling us so much oil for, say, one bale of wool, the supporters of this anti-dumping proposal would at once say, "No; that would be dumping. You charge us two bales." Or, again, some oil company might say, "We will send you so much oil in return for 1,000 sovereigns." And, again, these anti-dumping advocates would reply, "No; that would be dumping. It is too cheap. You charge us 2,000 sovereigns, and we will take it." Of course, honorable senators who support this anti-dumping provision of the agreement would like to get cheap oil privately, but in an agreement of this kind they feel that they must take a "broad national outlook," and must not allow the people of the country to have cheap oil. I have been supporting the Government on every division during this debate, and probably I shall support them to the end, with the exception of this anti-dumping paragraph, which I should like to see eliminated.

Senator PEARCE (Western Australia—Minister for Defence) [4.45].—I feel sure that the Committee will not support Senator Thomas in his predatory designs upon this portion of the agreement. He could not have been more unfortunate than to make reference to the operations of the Shipping Combine. He is quite wrong when he says the Shipping Combine are attempting to get a stranglehold on the Commonwealth business by offering cheap freights. They are not. What they are doing is this: If Senator Thomas were a merchant in England and wished to send goods to Australia and there were no Commonwealth ships available, he would approach the Combine for freight.

They would reply—"Yes, we can give you space. Our freight for that commodity is so much, and if all the produce you send to Australia during the next twelve months goes by our line you will get a rebate of so much. If, however, you dare to send a single parcel by a Commonwealth ship, you will lose all that rebate."

Senator THOMAS.—That is nothing new.

Senator PEARCE.—If every ton of merchandise coming to Australia were carried in ships belonging to the Combine, we would not get freight a halfpenny cheaper. But when the Combine succeed in strangling the Commonwealth line—if ever they do—they will put up their freights, as they proposed to do before the Commonwealth ships intervened. Let me give another illustration. I remember the time when the Farmers' Co-operative Society of Western Australia commenced to buy fertilizers for its farmer members. During one season it supplied certain orders at a considerable reduction on prices charged by private traders. Next year, however, a private trader, having ascertained the price at which the co-operative society could import and sell, sent his representatives among members of the association soliciting orders at 6d. per cwt. below the co-operative society's charges. This was, in effect, dumping, because nearly every farmer member of the society bought from the private trader. The following season the society, which was not strong financially, decided not to buy fertilizers, with the result that the private trader put his prices up by about 50 per cent. Now, that is exactly what might happen in the case of oil if we are not prepared to protect this new enterprise against unfair competition. The Shipping Combine is bad enough, but compared with the Standard Oil Company it is as a tame tabby cat to a hungry Bengal tiger.

Senator THOMAS.—Are there any anti-dumping clauses in the British agreement with the Anglo-Persian Company?

Senator PEARCE.—I do not know; but I remind the honorable senator that the British Navy will be its best customer, and, so far as the Refinery Company is concerned, our naval requirements will not be anything like so large in proportion to the total requirements of the Commonwealth.

Senator THOMAS.—I thought that our naval requirements had attained very fair proportions.

Senator PEARCE.—They are very small compared with the total requirements of Australia. The Standard Oil Company and the Shell Group see in the proposed Refinery Company, not a monopoly, but a prospective competitor in the Australian market which will prevent them from continuing to do what they are doing to-day, namely, charging unfair prices. Senator Pratten has quoted the prices being charged for motor spirit to-day in New York and Australia, and he has stressed the difference which exists between those prices. We are going to rob the companies I have mentioned of that difference—we are going to drive the tiger from his prey.

Senator THOMAS. — And the Government cannot do it.

Senator PEARCE.—The Government have only one means of protecting this company from the tiger, namely, the means provided in the agreement. As soon as the Refinery Company commences to produce oil in Australia the Standard Oil Company and the Shell Group will immediately bring down their prices.

Senator THOMAS.—Could not the Government buy their oil at the cheaper prices?

Senator PEARCE.—Does the honorable senator suggest that we should continue to buy oil from the Standard Oil Company?

Senator THOMAS.—Does the Minister think that that company would sell it under cost price?

Senator PEARCE.—I feel sure that Senator Thomas is arguing against his own conviction.

Senator THOMAS.—The Minister himself is doing that because he knows better.

Senator PEARCE.—We cannot leave this company open to the risk of that unfair competition. The only means we have of protecting it is by the power which will become exercisable only under two conditions, either because the Anglo-Persian Company charges an unreasonable price or because competition becomes unfair.

Senator THOMAS.—Does the Anglo-Persian Company want this protection?

Senator PEARCE.—Most certainly it does.

Senator THOMAS.—I am surprised to hear the Minister say so.

Senator PEARCE.—The protection will become operative only by statutory provision—in other words, by the will of Parliament. The Government have first to satisfy themselves that a good case has been made out, and then they have to satisfy Parliament on the point. It seems to me, therefore, that the Committee ought not to reject this paragraph.

Senator PRATTEN (New South Wales) [4.53].—My very much respected colleague, Senator Thomas, has raised a question which has puzzled politicians in Australia almost from time immemorial. While I agree with him upon many matters affecting the great State which we represent, I cannot support him in his opposition to these anti-dumping provisions, and for several reasons. My first reason is that a company is to be established here, and is to put its money into an enterprise in order to help the Commonwealth to break up a monopoly which has existed in this country ever since it has been a Commonwealth. We have to realize that in this vast continent embracing an area of 3,000,000 square miles we do not consume very much more than one five-hundredth part of the total oil consumption of the world. Consequently, to monopolies which probably supply 400 out of 500 parts of the world's consumption of oil, it would not be difficult to stifle any infantile effort we might make to supply our own oil to our own people. To organizations which supply practically the whole of the world's consumption of oil, it would not be difficult to kill an infant industry which was being established to provide only one five-hundredth part of the world's consumption. I shall therefore support these anti-dumping provisions, because it is only fair to the Refinery Company that they should be embodied in the agreement. In regard to this paragraph, I invite the attention of the Minister to a suggestion which I have to make, namely, that the words "and administrative," which appear in subparagraph *a* should be left out. This is a matter to which I referred when speaking upon the second reading of the Bill yesterday. To my mind, the inclusion of those words

will clothe the Government with mandatory, arbitrary, and, perhaps, unjust power to do by administrative act something which Parliament alone is entitled to do.

Senator PEARCE. — I dealt with the point which the honorable senator is raising when replying to criticism upon the motion for the second reading of the Bill.

Senator PRATTEN. — Whether I divide the Committee on the amendment will depend largely upon the reply I receive from the Minister. In its present form this paragraph will give, not necessarily statutory, but most certainly administrative powers to the Minister controlling the Department which will deal with the oil refinery business, to do anything which in his opinion it may seem desirable to do.

Senator MULCAHY. — Does the honorable senator hold that it will really extend his powers of administration?

Senator PRATTEN. — In effect it will give the Minister who is charged with administering this particular matter quite as large powers as he could be vested with under any War Precautions regulations. During the war we had to submit largely to government by administration, but I ask the Committee whether it is wise to give further powers to a Minister to administer Acts which Parliament alone is entitled to administer?

Senator PEARCE. — Parliament does not administer Acts.

Senator PRATTEN. — Sub-paragraph *a* of paragraph 14 reads—
exercise or cause to be exercised such statutory and administrative powers.

Senator PEARCE. — What is the use of statutory powers unless the Minister administers the Act which he is charged with administering?

Senator PRATTEN. — The paragraph does not say that we have to grant statutory powers. It says, and it means, that the Minister in lieu of statutory powers may by administrative act—

Senator PEARCE. — No. It does not say that.

Senator PRATTEN. — So far as I can understand the position, in the absence of statutory powers it will give the Minister administrative powers which will in effect be statutory powers. Under this paragraph his administrative acts may be carried even to the extent of prohibiting the importation of oil into Australia, of fix-

ing the prices of the commodity, of preventing the sale of any other oil but that which comes from the proposed refinery, of regulating packages, and of prescribing how the Standard Oil Company's oil shall be distributed. Under its provisions the Minister might impose trade shackles of all sorts.

Senator MULCAHY. — The honorable senator means that under this paragraph we shall be giving the Minister further statutory powers without saying so?

Senator PRATTEN. — My amendment would make it obligatory for Parliament to confer statutory powers on the Minister before he could do anything. In its present form, however, the paragraph will empower the Minister by administrative acts to give effect to the anti-dumping provisions of the agreement. We shall thus be clothing whatever Minister may happen to be in office during the next fifteen years with administrative powers even in the absence of statutory powers. My desire is that Parliament alone shall determine how these anti-dumping provisions shall be given effect to. I beg to move—

That the words "and administrative," in sub-paragraph *a*, be left out.

Senator PEARCE (Western Australia—Minister for Defence) [5.2]. — I point out to Senator Pratten that the very fact that the word "statutory" appears in the paragraph indicates that in so far as the guarantee which is here given can be exercised by statutory means, it will be exercised. But that alone will not afford the Refinery Company the necessary protection. Every Act of Parliament requires administrative action. If the honorable senator will look up the Australian Industries Preservation Act 1906-10 he will find that part 3 of that measure relates to the prevention of dumping. It contains a definition of "dumping" and also of "unfair competition." It requires the Minister to do quite a number of things. The Statute is really a dead letter until the Minister himself acts. Administrative acts must always follow statutory acts.

Senator MULCAHY. — The Customs Act also confers statutory powers upon the Minister.

Senator PEARCE. — Yes. Consequently we have to say to the proposed Refinery Company, "Not only will we assure you of statutory protection, but also of administrative protection." Whilst the War Precautions Act was in full operation it was possible for a Minister to do many

things which he was not authorized to do either by the Australian Industries Preservation Act or by the Customs Act. But when the War Precautions Act disappears, the Minister will have no powers except those which are derived from Statute.

Senator MULCAHY.—Senator Pratten's argument was that under this paragraph further statutory powers would be given to the Minister.

Senator PEARCE.—That is not so. This paragraph will not clothe him with any statutory powers. This agreement does not give recourse to any statutory power other than that provided by the Australian Industries Preservation Act or the Customs Act. On reflection, I feel sure the honorable senator will see that if the agreement is to be made effective to prevent dumping, it will be necessary to have not only statutory power, but a guarantee of administrative action within that power.

Senator GRANT (New South Wales) [5.5].—Because the Anglo-Persian Oil Company are going to put £249,999 into the proposed refinery, it is proposed by this Bill to do all that may be necessary to protect their interest, and make it certain that it will be a gilt-edged one. It will be exceedingly interesting, as the years go on, and the Government may desire to acquire the interests of the company in the refinery, to learn what this investment will be worth to the Anglo-Persian Oil Company. One would imagine that we are faced with a grave danger of the Standard Oil Company laying on to Australia a pipe 5 or 6 feet in diameter, with a pressure of many hundreds of pounds to the square inch behind it, to supply this country with an unlimited quantity of cheap oil, and that in this effort the Standard Oil Company will be backed up by the Shell Group, and other oil corporations. I am afraid that nothing of the kind is likely to occur. Oil companies are not built that way. It appears to me that under paragraph 14 the Oil Company will be placed unfairly in a most advantageous position, and that so long as it lasts Australian consumers will be debarred from any possibility of obtaining cheap oil. We are to have statutory powers, and administrative powers, to make it quite certain under this agreement that any duties imposed on crude oil imported from Persia shall be refunded to the Anglo-Persian Oil Company. It is a wonder

to me that the Government do not propose to go farther, and insist that duties on oil supplied by the Anglo-Persian Company to any Australian refinery from any part of the world shall also be refunded. It should not be forgotten that the Anglo-Persian Oil Company will fix the price of oil brought here from Persia. The mere fact that it is to supply oil to the proposed refinery at the same price as that charged to the British Government does not provide any protection for the people of Australia. It may be necessary, under this paragraph, for the Government to immediately bring in a Bill for the protection of the company to impose duties on crude oil imported by other companies into Australia. The Anglo-Persian Oil Company, which we are invited to believe is prepared to invest its money in Australia for the protection of Australian consumers of oil, has taken very fine care to secure for itself a degree of protection which no other company operating in Australia has or can hope to obtain. I defy any honorable senator to demonstrate that we are likely in Australia to obtain oil any cheaper under this agreement than we are now paying for it. Some people are of the opinion that the Anglo-Persian Oil Company have no connexion whatever with the Standard Oil Company, or any other oil corporation; but I have very grave doubts on that point. I think there is evidence in this agreement of a well-laid scheme, which might possibly be discovered if the measure were referred for inquiry to a Royal Commission or a Select Committee, to exploit the oil consumers of Australia.

Senator PRATTEN.—They cannot be exploited to any greater extent than at present.

Senator GRANT.—They could quite easily be exploited to a greater extent than at present. They pay now only 3s. 6d. per gallon for refined oil, and there is no reason in the world why, if the Persian Oil Company and the other two groups put their heads together, the Australian consumer should not have the price considerably advanced, in view of the fact that in this country no oil is produced except what is distilled from shale.

Senator PEARCE.—Let us get on with the Bill.

Senator GRANT.—I have no desire to unduly delay the passage of the Bill;

but I protest against the inclusion of many of these paragraphs in the agreement, because, in my view, they will not to any extent whatever interfere with the operations of other oil companies, and will not secure cheap oil for Australian consumers.

Senator THOMAS (New South Wales) [5.12].—Although Senator Pratten does not agree with me on the question of dumping, I am prepared to support his amendment. The honorable senator is afraid that this paragraph may be put into force by the Government without the sanction of Parliament. Though he is not prepared to support me in trying to omit the whole of these paragraphs, I am prepared to support him in securing the omission of the words "and administrative," from the paragraph under consideration, if there is the slightest chance that their inclusion will enable the Government without the sanction of Parliament to enforce the provisions of the paragraph. I think that we should all be satisfied if the Minister for Defence (Senator Pearce) could assure us that no attempt will be made to give effect to these provisions without first obtaining the sanction of Parliament. I am rather sorry that he should have said that I was arguing against my conviction in what I said about preventing dumping. I should like the honorable senator to ascertain whether there are any anti-dumping provisions in the agreement between the British Government and the Anglo-Persian Company. The Minister said that he was unable to say whether there were or not, but if it is possible for him to obtain the information, I should be very glad to have it.

Senator PEARCE.—Supposing there are no such provisions, what then?

Senator THOMAS.—If there are no such provisions in the agreement between the British Government and the Anglo-Persian Oil Company, why should they be introduced here? The Minister in referring to dumping quoted a case of competition between private companies. I could quote stronger cases than he did of that kind, but it had no bearing upon the argument I used.

Senator PEARCE.—The honorable senator apparently does not realize that the Anglo-Persian Oil Company has been

operating in the United Kingdom for half a century, and that we are dealing here with an effort to commence business.

Senator THOMAS.—Does the honorable senator say that the Anglo-Persian Oil Company has been operating in Great Britain for fifty years?

Senator PEARCE.—Yes.

Senator THOMAS.—That is news to me; but the Minister may be right. I suppose they had not the advantage of any anti-dumping clauses when they started business in England.

Senator PEARCE.—Probably they had not. They are an old-established firm.

Senator THOMAS.—Then I am afraid the honorable senator's argument is not very strong. Fifty years ago the Anglo-Persian Company was not a long-established firm in the United Kingdom.

Senator PEARCE.—The Standard Oil Company was also a struggling concern then. The tiger had not grown up then.

Senator THOMAS.—Am I to understand that the Minister is convinced that that is the reason why the British Government did not include any anti-dumping provisions in their agreement with the Anglo-Persian Company?

Senator PRATTEN (New South Wales) [5.17].—I was glad to hear the explanation of this paragraph by the Minister. I understood him to say that it is designed to operate in connexion with legislation already on the statute-book, and particularly the Australian Industries Preservation Act and the powers given to the Minister under the Customs Act.

Senator PEARCE.—I do not say only that legislation. It may be necessary to have additional legislation.

Senator PRATTEN.—The honorable senator rather anticipates what I was going to say. So far as present legislation is concerned, this paragraph refers only to the administration of legislation already on the statute-book. But it may be necessary to have further legislation, and the paragraph will cover administration of any further legislation passed by the Parliament to prevent dumping. I understand that it is not intended under this paragraph to exercise any power outside either present statutory law or future statutory law. Is that the position?

Senator PEARCE.—That is the position.

Senator PRATTEN.—Then, by leave of the Committee, I will withdraw my amendment.

Senator PEARCE (Western Australia—Minister for Defence) [5.19].—I should like to say, in answer to Senator Thomas, that I understand that there are no anti-dumping provisions in the agreement between the Anglo-Persian Company and the British Government.

Amendment, by leave, withdrawn.

Paragraph 14 agreed to.

Paragraphs 15 and 16 agreed to.

Paragraph 17—

The Oil Company shall be appointed, and shall (so long as the Oil Company retains its full interest in the Refinery Company) act as marketing agent of the Refinery Company for the sale outside the Commonwealth and its territories of products of the Refinery Company and shall be paid by the Refinery Company a commission of ten per centum (10 per cent.) on the gross sales.

Senator PRATTEN (New South Wales) [5.21].—Under certain circumstances, this provision would give a very handsome remuneration to the Oil Company as distinct from the Refining Company in which the Commonwealth have an interest. So far as I have been able to estimate, in view of the actual position, it is somewhat harmless and cannot be operative for some years, because it deals only with the sale of refined products outside of the Commonwealth. But I can quite understand that if we discovered oil in Papua, and had two, three, or four refineries in operation in Australia, one half of the products of which would be sold outside the Commonwealth, a commission of 10 per cent. on the gross amount of sales would be a very profitable commission indeed. Had the position been somewhat different to what it is this afternoon, I would like to have seen the words “not exceeding” included, or the elimination of the words “ten per centum on the gross sales,” and the substitution of the words “fair and reasonable.” Should oil be discovered in Papua in commercial quantities, a commission of 10 per cent. may mean anything from £250,000 to £1,000,000 a year to the company, and would be money easily earned. I merely desire to record the fact that in my opinion 10 per cent. is too high a commission in view of future contingencies, and I would like the Government to consider an amendment to include the words

“not exceeding” before “ten per centum,” so that it would be understood that this Legislature looks upon 10 per cent. as a maximum and not a minimum. It may be that the Government may decide upon a lower percentage, or the substitution of the words “fair and reasonable.” If it is right that this Parliament should include such words in the interests of the Anglo-Persian Oil Company, it is only just that such words should be included when the Commonwealth has to pay. It is clear that this provision will be inoperative until we have products from our refineries for sale abroad, but I am most strenuously opposed to a gross commission of 10 per cent. being paid to any person or company in connexion with extensive exportations of crude or refined oil.

Senator PEARCE (Western Australia—Minister for Defence) [5.25].—I think that Senator Pratten realizes that a tremendous amount of money is not likely to be paid under this agreement in the form of commission, because the company has to produce from its refinery 200,000 tons of oil, practically all of which will be consumed in the Commonwealth. There will be very little for sale abroad.

Senator PRATTEN.—It will not establish a precedent.

Senator PEARCE.—No. Such a position as that indicated by Senator Pratten is not likely to arise under this agreement, and if it were possible later to dispose of oil in outside markets, the Government would ask for a revision of the paragraph.

Paragraph agreed to.

Paragraphs 18 to 22, and postponed clause 2, agreed to.

Bill reported without amendment; report adopted.

Bill read a third time.

ASSENT TO BILLS.

Assent to the following Bills reported:—

Invalid and Old-Age Pensions Appropriation Bill.

War Pensions Appropriation Bill.

Australian Soldiers Repatriation Bill.

Supplementary Appropriation Bill 1917-18.

Supplementary Appropriation Bill 1918-19.

Supplementary Appropriation (Works and Buildings) Bill 1917-18.

Supplementary Appropriation (Works and Buildings) Bill 1918-19.

Sugar Purchase Bill.

WAR GRATUITY BILL (No. 2).

SECOND READING.

Senator PEARCE (Western Australia—Minister for Defence) [5.31].—I move—

That this Bill be now read a second time.

When the principal measure was under discussion, the position of those men who were in camp in training for overseas service and who died in camp, and those who were totally or permanently incapacitated as a result of an accident in camp, was mentioned. The case on their behalf was submitted rather late, and it was promised that they would be given consideration under the provisions of an amending Bill. This measure is to assist such men, and I believe it will have the general support of the Senate. It also includes one or two technical amendments, and rectifies one or two omissions in the principal measure. I do not intend to occupy the time of the Senate in discussing it at length, as I feel sure that it will have general support.

Senator FAIRBAIRN.—Are there many amendments?

Senator PEARCE.—No; they are only slight.

Senator GRANT (New South Wales) [5.32].—It is not my intention to oppose the measure, because I heartily approve of all its provisions. Although the principal Act only received the assent of His Excellency the Governor-General on 30th April, it has already been found necessary—as I indicated during the discussion on the principal Act—to amend it in several important respects. The men who went to New Guinea were excluded from the provisions of the principal Act, but I am glad to say that they are now included. It is also gratifying to see that the Imperial Reservists and their dependants are to benefit. At first the Government were not prepared to allow them to participate, but apparently they now recognise that they served their country as well as others who served overseas. It may be remembered that during the discussion on the measure now being amended I protested rather strongly against the action of the Government in not including a provision covering those Australians who, on the declaration of war, were abroad, and who at first made an unsuccessful effort to join some Australian unit in Great Britain, but who subsequently became members of the Force.

These men were excluded, but now they are to be allowed to participate in the benefits. Provision has also been made for certain members of the Naval Forces, and for further extending the number of exemptions in relation to the payment of income tax. These are provisions which are very necessary and acceptable. Will the Minister for Defence explain why the regulations to be framed under this measure specifically apply to the last two clauses? The Act as it stands to-day appears to provide the Government with ample power.

Senator PEARCE.—I will give the honorable senator some information on that point in Committee.

Question resolved in the affirmative.
Bill read a second time.

In Committee:

Clauses 1 to 3 agreed to.

Clause 4—

Section 4 of the principal Act is amended—

(a) by adding, at the end of sub-section (2), the following proviso:—

“Provided that in the case of a person specified in paragraph (b) or (e) (ii) of that sub-section, who died while on service, the rate of war gratuity payable shall be one shilling and sixpence per diem.”

Section proposed to be amended:

(2) The rate of war gratuity payable in respect of the service of any person specified in paragraph (b) or (e) (ii) of sub-section (1) of the last preceding section shall be one shilling per diem.

Senator PEARCE (Western Australia—Minister for Defence) [5.36].—Honorable senators have been furnished with a series of proposed requests for the amendment of the Bill, the purpose of which is to include within the scope of the gratuity those who were totally and permanently incapacitated while on service in camp. I move—

That after the word “service” the following words be added:—“or who is totally and permanently incapacitated as a result of such service.”

Request agreed to.

Clause agreed to with a request.

Clause 5 agreed to with requests for consequential amendments.

Clauses 6 and 7 agreed to.

Clause 8 (Regulations)—

Section 20 of the principal Act is amended by adding at the end thereof the following words:—“and in particular—

- (a) for conferring upon the prescribed authority powers in relation to the summoning of witnesses, the taking of evidence on oath, and the production of documents, and
- (b) for providing penalties, not exceeding fifty pounds, for any failure to comply with any requirement made by a prescribed authority in the exercise of any such powers.”

Senator PEARCE (Western Australia—Minister for Defence) [5.42].—In reply to Senator Grant, I desire to say that since the Act was passed the prescribed authority has been appointed, and there has been time to examine the provisions made in connexion with that body. It has been found necessary that the additional provisions included in this clause shall be added in order to strengthen the Act.

Clause agreed to.

Title agreed to.

Bill reported with requests; report adopted.

COMMITTEE OF PUBLIC ACCOUNTS BILL.

Bill received from the House of Representatives, Standing and Sessional Orders suspended, and Bill read a first time.

Senator MILLEN (New South Wales—Minister for Repatriation) [5.45].—I move—

That this Bill be now read a second time.

The measure is one which will incorporate in the existing Act a number of sections taken from the Commonwealth Public Works Committee Act. They will give to the Accounts Committee power to summon witnesses and call evidence, which authority is at present enjoyed by the Public Works Committee. They will also provide for the payment of expenses incurred by members of the Committee while travelling to and attending meetings. They propose also to increase the number of members from nine to ten, the one additional member being appointed from the House of Representatives. That necessity has arisen from the appearance in the other branch of the Legislature of a third party, and from a desire to give to that party representation upon the Public Accounts Committee.

Question resolved in the affirmative.

Bill read a second time, and passed though its remaining stages.

APPROPRIATION BILL 1919-20.

PUBLIC SERVICE: Mr. McLACHLAN'S REPORT: INEFFICIENT OFFICERS—FASHIONS IN DRESS—COMMONWEALTH TAXATION—DROUGHT IN NEW SOUTH WALES—COST OF SOLDIERS' HOMES—CONDITIONS IN RUSSIA.

Motion (by Senator MILLEN) proposed—

That this Bill be now read a first time.

Senator THOMAS (New South Wales) [5.50].—Some time ago I inquired when honorable senators were likely to have placed before them a report prepared for the Government by Mr. McLachlan in connexion with the Public Service. The reply was of such a character that it appeared almost useless for honorable senators to spend time discussing the Estimates. We understand that the report deals generally with the Public Service. On a former occasion, the Minister for Repatriation (Senator Millen) told us that it was no use having the report just then, because the money had practically all been spent. If that is so, it seems to be almost a waste of time to discuss the Estimates, because, apparently, it is futile to attempt to deal with the present or the past, and not necessary to deal with the future. I differ from the Minister. This report is a very important document, and that there was some necessity for it is evident from the fact that the Government asked Mr. McLachlan to prepare it. Since I asked that question, one or two paragraphs have appeared in the press, and lately a more definite statement has appeared to the effect that the report suggests that the Government ought to be in a position more easily to dismiss incompetent officers. Whether this recommendation is contained in the report, I cannot say; but the press paragraphs indicate that it is, and if the press information is correct, the sooner we have that report in our hands the better. I understand great difficulty is experienced in dismissing incompetent officers from the Public Service, on account of the opportunities to approach the Appeal Board, which comprises three persons, one of whom must be an officer in the same grade as the appellant, another a member of the Public Service appointed by the Government, and the third an outsider if the Government so desires. In these circumstances, it is natural to assume that two members

of the Appeal Board, being public servants themselves, will be sympathetic towards the appellant, especially as one member of the Board is elected by popular vote from the same grade as the appellant. I have in mind a case in which the Deputy Postmaster-General, Mr. Bright, an able and, I think, a tactful man, was concerned. Some years ago he declared two officers, one a letter carrier and the other in the General Division, to be incompetent. They approached the Appeal Board in the ordinary course, and the Board upheld the appeal, with the result that the men were returned to the Department. Now, if Mr. McLachlan's report deals with this matter, as stated by the press, it should be made available to honorable senators. The press paragraphs also suggest that the report indicates that merit does not receive due recognition in the Public Service; that seniority takes precedence. We cannot expect to have an efficient Public Service in such circumstances. I admit that if two officers of equal ability are candidates for promotion, the senior man, because of his longer experience, should receive the appointment; but we ought to provide that seniority shall not take precedence over merit. I have previously asked for the report, and in view of the statements appearing in the press, I shall be glad if the Government can see their way clear to make it available as soon as possible.

Senator GRANT (New South Wales) [5.58].—The present is an excellent opportunity to again bring under the notice of the Government the necessity for altering our present effete and unsatisfactory method of national taxation. A number of people in this country, very properly, I think, argue that Australian ideas should have full play; that we should not slavishly follow Great Britain's example in all things. In this free and semi-tropical country, for instance, we have the spectacle of men at any social gatherings dressed up in black suits, as if they were in sackcloth and ashes. They cannot go to a dance unless they are rigged out in a dress which is gradually being discarded in other parts of the world. I was pleased to read that the young men in New Zealand, during the visit of the Prince of Wales, disregarded these dress regulations at many of the functions and appeared in suits made from New Zealand tweed. I trust their excellent ex-

ample will be followed very largely in Australia while His Royal Highness the Prince is in the Commonwealth. This, however, is a small matter.

The question of national taxation is one which, I think, has not engaged the attention of this Government to any extent during the past few years. Just because Great Britain collects a large amount of revenue through the Customs and a substantial sum from income taxation, we are told that we should do the same. Some honorable senators think there is nothing like a high revenue Tariff—some of them call it a Protectionist Tariff, and say that the object is to exclude goods manufactured in low-wage countries. From their point of view, no doubt the scheme is a good one. The income tax is a much more objectionable impost. It is an ancient device for raising revenue. I do not know how many millions sterling were collected in Great Britain last year by means of this tax, but when honorable senators are speaking they never fail to point out that the conditions in Great Britain are very much worse than in Australia, and from this I deduce that the income taxation is levied upon those who can pass it on to others who are not able to bear it. This system of raising revenue was introduced to Australia by a Labour Government, in an evil moment, and unfortunately it has been adhered to ever since, successive Governments being satisfied, apparently, so long as its Treasury is kept full.

Senator MILLEN.—Do you think Mr. Storey will lift the income tax in New South Wales?

Senator GRANT.—I do not think it likely that he will, but he would do the right thing if he abolished it.

Senator MILLEN.—I shall be quite satisfied if he does not increase it.

Senator GRANT.—I would not be surprised if the present Labour Government in New South Wales increased income taxation, and looked around in other directions for additional sources of income from taxation. They can hardly impose Customs duties, as that is the function of the Commonwealth Parliament. Just because Great Britain imposed an income tax, the same idea has been foisted upon this country.

Senator CRAWFORD.—Other countries besides Great Britain impose income tax.

Senator GRANT.—I am aware of that, but nothing of a beneficial character ever flows from the adoption of this principle. Only last week I read an article in the official organ of the Labour party of New South Wales, which pointed out to Mr. Storey—perhaps very much to the annoyance of gentlemen like Senator Millen—that his Government ought not merely to increase the income tax, but to impose such a heavy rate upon high salaries as would render it unprofitable for their recipients to collect them.

Senator THOMAS.—I think that he is going to deal gently with any person who is in receipt of less than £1,000 a year.

Senator GRANT.—They will not be dealt with too roughly. The mere fact that it is intended to continue a stiff income tax upon huge salaries suggests that those who are earning them will continue to do so.

Senator SENIOR.—That is a good thing for the Treasurer.

Senator GRANT.—He is the only man to whom it is a good thing. It ought to be quite evident to Senator Senior that, if a person is in receipt of a large income year after year, and a substantial portion of it be taken from him for public requirements, he will still be in a position to extract that income from the general public.

Senator SENIOR.—Do not the general public reap a benefit through the Treasury?

Senator GRANT.—When once a person parts with his income tax, that is the end of it so far as he is concerned.

There is one provision in the Income Tax Act to which I wish specially to refer. Section 14 of that measure enables the Commissioner of Taxes to levy a tax upon the value of a man's home and of the land upon which it stands. That is an exceedingly great blemish upon the statute. Of course, the Act itself is radically wrong from every stand-point. But the particular section to which I have referred directs the Commissioner to tax the industry of the taxpayer.

Senator BAKHAP.—Why does the honorable senator want to tax land so badly?

Senator GRANT.—At present I am dealing with the taxation which is levied upon the value of a man's home and of

the land upon which it stands. Any tax upon industry is wrong, and the section of the Act to which I have referred is extremely objectionable.

May I also suggest that the time is opportune to review the Federal land tax. That impost is a very light one. Indeed, the tax is a purely nominal tax which does not produce more than £2,000,000 a year, whereas about £10,000,000 is derived from the income tax. As time goes on, that amount will probably be increased.

Senator FAIRBAIRN.—Would the honorable senator impose a heavier land tax upon drought-stricken New South Wales?

Senator GRANT.—New South Wales is by no means drought-stricken.

Senator FAIRBAIRN.—What?

Senator GRANT.—There is an area in the western district of New South Wales, comprising some 80,000,000 acres, which is undoubtedly drought-stricken. But the Federal land tax operates there only in a very limited manner. Indeed, over the whole of the area, the State land tax produces only about £2,500 a year. It is quite true that the drought in New South Wales extends half-way across the central division of the State. But it does not extend to the eastern division.

Senator MILLEN.—If New South Wales as a State is not drought-stricken, why is the State Government proposing to borrow £2,000,000 for the purpose of assisting struggling farmers on account of drought?

Senator GRANT.—It is absurd to suggest that the south, or the north coast of New South Wales, is drought stricken, or that the eastern section of the central division is drought stricken. Senator Millen knows that. The normal condition of the western part of New South Wales is one of drought.

Senator PRATTEN.—How does the honorable senator account for the loss of 15,000,000 sheep in New South Wales?

Senator GRANT.—By the fact that a drought does exist in the western division, which is the pastoral division of that State. More than half of the central division, and the whole of the western division, have been for some time in the grip of a drought. But that is not the part of New South Wales in which great land values are to be found. It is absurd to

argue that large land values exist either in the western division or the western part of the central division of New South Wales. The bulk of those values is to be found in the eastern division of that State along the seaboard. In Sydney alone, land is being sold at up to £1,000 per foot, and a similar price has been realized for land in Melbourne. Yet we are told that the persons who can afford to pay these prices are, in reality, too poor to pay anything. At the same time, anybody who dares to go to a picture show is required to pay a tax upon every shilling he expends there. Unless an individual purchases more than £5,000 worth of land—

Senator MILLEN.—That would be only 5 feet in Sydney or Melbourne.

Senator GRANT.—But even 5 feet is a very substantial item in any of the main thoroughfares of those cities. I repeat that the conditions which obtain in parts of the eastern section of the central division of New South Wales, as well as in the eastern division of that State, are not those of drought. In my opinion, the people who own the country should pay the taxation of the country. The only way in which we can compel them to do that is by levying a tax upon the value of their land.

I have previously referred to cases in which men have gone overseas to fight for the broad acres of some honorable senators. When one of these men who had been in Egypt chasing the Arabs, in Mesopotamia, and in Damascus, returned to Australia, and desired to make a home for himself here, he was asked to part with the whole of his deferred pay to enable him to begin operations. Some time ago, I endeavoured to ascertain from the Government how much money the returned men had to pay for the right to live in Australia. Several months have elapsed since I asked that question, but, strange to say, no reply has yet been forthcoming. Probably the amount is so large that Ministers are ashamed to let it be known. If they had been anxious to obtain the information, it could have been supplied long ere this.

If the Government would levy a sufficiently heavy tax upon land, vast areas would soon be made available for settlement. It would not pay anybody to keep land idle if such a tax were imposed. They would be compelled either to use the land or to sell it. So long as present

conditions continue, there is bound to be industrial discontent. We do not yet know precisely what has taken place in Russia during recent years, because of the censorship which has been in vogue. It has, however, leaked out that the working people of that country were so tired of the conditions which exist there that, almost with one accord, they declared all land titles to be non-existent. They refused absolutely to recognise the owners of land in Russia.

Senator NEWLAND.—They did more than that. They chopped off their heads.

Senator GRANT.—They chopped off a number of their heads. In former years, it was a frequent pastime of the Czar's régime to chop off the heads of the moujiks, and it is not to be wondered at that when these people realized how badly they had been treated for so many years they dealt out such summary punishment to their oppressors. I do not suggest that the same thing will occur in Australia. The point I wish to make is that the Russian workers were so determined in the matter that they would not stop to impose land taxation. They decided that the land belonged to them, and so they passed out the rent extractors for ever.

Senator NEWLAND.—What are they doing with the land now?

Senator GRANT.—I have not the least doubt that they are working it.

Senator NEWLAND.—I suppose that is why millions of the Russian people are starving.

Senator GRANT.—I venture to say that no one in Australia can have any correct idea of what the true position in Russia is.

Senator CRAWFORD.—Yet the honorable senator speaks as an authority.

Senator GRANT.—I do not profess to be an authority on the subject, but, so far as I have been able to secure information, despite the War Precautions Act and censors abroad, I understand that the Russian workers have passed out the land-owners, and have taken possession of the land themselves. In Australia, just because it was the fashion in Great Britain and some other countries, we have continued the system of land tenure that obtained in those countries. The Russian people, so far as I know, have been the first who have been game and determined enough to pass out the land-owners. I

do not know that the method they adopted is the best way to get rid of the land-owners. It seems to me to be somewhat harsh. I would very much prefer to get rid of the land-owner by such a constitutional method as I suggest.

Debate interrupted.

RECOGNITION OF WAR SERVICES.

PRESENTATION OF RESOLUTIONS OF THANKS.

The PRESIDENT (Senator the Hon. T. Givens).—I desire to inform honorable senators that arrangements have been made for presenting the resolutions of thanks, passed by both Houses of Parliament, to representatives of the Navy and the Army in the Queen's Hall this evening. I invite honorable senators to take part in that historic function. The arrangements will be that the representatives of the Navy and Army shall assemble at the lower end of the Queen's Hall, and I invite honorable members of the Senate to assemble in orderly fashion on the south side of the Queen's Hall. It is proposed that honorable members of another place shall assemble on the other side of the hall. After members of both Houses are assembled, at 7.30 p.m., Admiral Grant, General Chauvel and General Monash will be invited by Mr. Speaker and myself to come forward, when the resolutions will be presented to them and their replies will be received. In order to give sufficient time for the proper and orderly conduct of the function, I shall suspend the sitting until half-past 8 o'clock, when I will resume the chair.

Sitting suspended from 6.25 to 8.30 p.m.

The PRESIDENT (Senator the Hon. T. Givens).—I have to inform the Senate that this evening, in the Queen's Hall, I presented the resolution agreed to by the Senate on the 5th May, conveying a vote of thanks to the Sea, Land, and Air Forces, and the Voluntary Workers of the Commonwealth, and others, for their services in connexion with the Great War.

The Resolution was received by Admiral Grant, General Sir Henry Chauvel, and General Sir John Monash, representing their respective Services; and they in reply expressed their deep gratitude, and asked that their sincere appreciation be conveyed to the Senate for the Resolution.

APPROPRIATION BILL 1919-20.

UNIMPROVED LAND VALUES TAXATION—COST OF HOUSE BUILDING—DROUGHT IN NEW SOUTH WALES—MEMORIALS TO FALLEN SOLDIERS: USE OF AUSTRALIAN MARBLE: GRAVES COMMISSION—MILITARY REGULATIONS: LONG SERVICE LEAVE—SYDNEY GENERAL POST OFFICE—WHEAT STOCKS AND WHEAT EXPORT—FINANCIAL POSITION: BUSINESS BOARDS—AMALGAMATION OF TAXING AND ELECTORAL DEPARTMENTS—UNIFORM RAILWAY GAUGE—SUPPLIES OF RAILWAY MATERIAL—CONTROL OF WOOL SALES—RATES OF EXCHANGE—LIGHTHOUSE TEMPORARY EMPLOYEES—PUBLIC SERVICE: AMENDING BILL: PREFERENCE TO RETURNED SOLDIERS: PROMOTIONS: ACTING OFFICERS: NON-FILLING OF VACANCIES.

Debate resumed (on motion by Senator MILLEN)—

That the Bill be now read a first time.

Senator GRANT (New South Wales) [8.31].—It is quite evident that we cannot expect the State Governments to impose additional land taxation, that would result in good land being made available for settlement. Queensland is the only State that has moved in the matter, and even there the additional amount of taxation imposed has not been sufficient to make the land easily available, as they have an exemption of £300. It must be evident that when there is an exemption from taxation that a part of the estate will be more costly to purchase even if it is taxed down to the last £1. With the exception of Queensland no effort has been made by the Australian States to make land available by these means. There is only a nominal tax in Victoria, practically none in New South Wales, and a small one in Tasmania, Western Australia, and South Australia. The most scientific Act is in Queensland, but even there its incidence is not sufficient to compel the owners of vacant land to use it or to dispose of it, and while this condition continues it must be evident that the present exceedingly acute shortage of land for housing must continue. I know that the scarcity and the high cost of building material, as well as the scarcity of labour, has something to do with it, but the main difficulty is in securing suitable sites for homes. Most people desire to live near a large city, and in the vicinity of Melbourne or any

other of the State capitals a person requiring land would need from £150 to £200 to purchase a block. It may be an easy matter for some who have ample money available, but it is a very difficult proposition for a man who is only receiving £4 or £5 per week. Even if such a person were able to find the necessary cash to pay a deposit he would be compelled to pay interest on the balance at 6 per cent. There is very little hope of the States making land available through the State Parliaments, and the municipal and district councils have very limited powers in this direction, although in some of the States they are doing something, notably in New South Wales and Queensland. But in Victoria if anyone dares to build a home in the suburban areas he is immediately taxed on the value of his improvements, and the same can be said of some of the other States, including Tasmania. The difficulty in that regard has been removed to some extent in South Australia, but even there I understand that in many cases improvements are taxed. If we consider the work that is being done by the State Parliaments and municipal or district councils, we cannot expect these authorities to assist to any extent in making land available at a reasonable price. I do not know how many hundreds of returned soldiers are waiting for land in the various States.

Senator MILLEN.—Is the honorable senator referring to land for homes or for settlement?

Senator GRANT.—To both.

Senator MILLEN.—There is no difficulty in securing land; it is in obtaining material and men to erect houses.

Senator GRANT.—There is considerable difficulty in securing land.

Senator MILLEN.—We have more land than we can build on in two years.

Senator GRANT.—The Minister for Repatriation knows very well that it is a difficult matter to secure building sites at a reasonable price anywhere near the centres of population. The only way in which an improvement can be effected is by inducing the Government to amend the Federal Land Tax Act in such a way that owners of vacant blocks would be compelled to put their land to a proper use or sell it. It has to be remembered that in the near future additional taxation will be required, as we have to raise annually about £5,000,000 for old-age pensions, about £6,000,000 for war pensions, as well as meet an annual interest

bill of £15,000,000. To that may be added another £15,000,000 for interest payments to be met by the various States. We are up against the problem of having to pay away £41,000,000 each year, and it would appear that there is no tangible result, as nothing is now being produced in return for the expenditure. This is no doubt largely responsible for the high cost of commodities, and there is no immediate prospect of any improvement. We have been informed that the Government were unable to pay the returned soldiers their war gratuity in cash.

The PRESIDENT (Senator the Hon. T. Givens).—The honorable senator must not discuss that question.

Senator GRANT.—I was merely pointing out that if our Federal Land Tax was increased, the Government would have been able to pay the gratuity in cash, but if you rule, ~~six~~, that I am out of order in discussing that question, I will not continue. Additional taxation must be imposed, and incomes have been taxed heavily enough. Estate duties are high, and the entertainments tax should no longer remain on the Statute Book. The people who own this country are the ones who should be called upon to pay in proportion to the value of the land they possess.

During the course of my remarks, I find that I was not quite accurate in describing the portions of New South Wales that are at present experiencing a drought. Probably drought conditions exist a little further to the east than I mentioned, and over the greater portion of the eastern part of the northern division. The eastern division, however, has not experienced a drought to any extent. I trust the Government will make a substantial increase in the land tax, as there appears to be little prospect of the States moving in the matter.

I wish to refer to the question of the erection of memorials to fallen soldiers. I understand that some time ago a Graves Commission was appointed consisting of members appointed by the Imperial authorities, and I understand a representative of the Commonwealth. I believe it is the intention to erect imposing structures for specific purposes, and also separate memorials over the graves of fallen men. I have heard that it is intended to give Italy a contract for the supply and delivery of the necessary gravestones, and

if such is the case, the Minister for Defence (Senator Pearce) should explain why this work is not being done in Australia, as we have large deposits of marble eminently suitable for work of this kind. There are extensive marble deposits in New South Wales and in some of the other States, and there are also deposits of granite in New South Wales equal to anything in the world.

Senator REID.—And in Queensland.

Senator GRANT.—Yes, and so far as I know, in all the other States. There are great deposits of the very best granite in New South Wales.

Senator SENIOR. — What kind of granite?

Senator GRANT.—Grey granite at Moruya, red granite at Gabo Island, and any amount of dark granite near Canberra. That material is practically imperishable, and is eminently suited for the purpose of constructing memorials. Instead of giving a contract to Italy, the work could be just as well, if not better, done in Australia, of Australian granite or marble. I trust that the Minister for Defence will acquaint the Senate with what has been done so far, and will say whether a contract has been let to Italy. A deputatinn representative of the stonemasons of Adelaide, and of Victoria and New South Wales, waited upon me to-day, and urged that I should endeavour to secure the attention of the Government to this matter.

Senator CRAWFORD.—Are there any idle stonemasons in the Commonwealth?

Senator GRANT.—There are a few. As a matter of fact, there would not be very much hand work required in the preparation of head-stones. That, however, is a detail. The point is that the work should be executed, if possible, in Australia, by Australians. The whole matter may involve an outlay of almost £1,000,000; and if the work can be done here, the money should be disbursed here.

Some little while ago, I brought forward the question of the suggested amendment of Military Regulation No. 409. It is a matter of sufficient importance to induce the Minister's attention. It states, in effect, that a soldier who has served twenty years in the Military Forces of the Commonwealth is entitled to six months' leave on full pay at the expiration of the twenty years, or at the retiring age. The trouble is that if an employee of the Department desires to

retire before he has been employed for twenty years, he cannot receive consideration unless, meanwhile, he has reached the retiring age. With regard to men who have served for twelve to fourteen or fifteen years, this regulation should be reviewed, so that they should get leave or monetary return in proportion to the number of years of their service. In an answer to a question, the Minister for Defence has indicated to me that men placed as I have just described have no redress whatever. I trust that that unfair position will be done away with.

I understand that the bulk of the money which the Senate is asked to vote to-night has been already expended, and that there is little hope of securing a review of any item of expenditure. There is just one matter, in conclusion, to which I call attention, and that, I think, comes within the scope of the Federal Government, under the Department of the Postmaster-General. There are six pedestals placed in front of the General Post Office, Sydney, in Martin-place. They have a hard stone base, which is surmounted by marble. This marble, I understand, we imported many years ago, either from Belgium or the Pyrenees, and it is now in a state of decay. It was never any good, and is getting worse every year. It is a disgrace to the neighbourhood; and I hope that the Government, if they have the power, will remove the eyesores which these pedestals have become.

Senator PRATTEN (New South Wales) [8.54].—It is with satisfaction that honorable senators must have listened to the remarks of Senator Grant—the sole representative of the Opposition, who has been here through this week, helping to carry on the business of the country. I rise to-night particularly to draw the attention of the Minister in charge of the Wheat Pool (Senator Russell) to the very acute position regarding stocks of wheat, and concerning the obligations of the Commonwealth for shipment oversea. Yesterday, I asked a question following upon these lines. I intended it to thoroughly deal with present stocks; and I got a complete answer. It indicated to me that the opinion which I had formed, namely, that the position is somewhat critical, may not be very far from correct. It is common knowledge that the position regarding wheat in New South Wales is acute. We practically

have no stocks at all in that State; and, unfortunately, owing to the ravages of drought—which, by the way, Senator Grant has denied—our total crop last season was only about 4,500,000 bushels altogether. That is not above one-third of the total State food requirements for the year. The answer furnished by Senator Russell was to this effect: That, according to the books of the Wheat Board—that is, in accordance with paper figures only—there was a stock in the four wheat States, plus the stock in the mills, of 50,000,000 bushels of wheat; and that the obligation upon the Commonwealth for shipping wheat already sold to overseas markets amounted to 16,000,000 or 17,000,000 bushels. The Minister further stated that the book figures which he gave me did not provide for any stock adjustment in South Australia, and that other States had not advised that any further adjustments are necessary. The last figures given me were that seed requirements will be supplied from 1916-17 wheat, and that the estimated consumption for human food in Australia, till the 1st January next, is 19,500,000 bushels. I desire to analyze those figures of the Minister, first, on the basis of the figures actually supplied in reply to my questions, and, secondly, on the basis of other statistics which I shall submit.

Senator RUSSELL.—If the honorable senator will look at paragraph 4 of my reply, he will find that he was in error in referring to my statement about writing off. I said that in the matter of writing off wheat for the seasons 1917-18, 1918-19, and 1919-20, there was no need to write off, because there was no wheat lost.

Senator PRATTEN.—The Minister did not say that in his reply. His full reply, contained in paragraph 4, was that the milling wheat now held in the Commonwealth is mainly that of the seasons 1917-18, 1918-19, 1919-20; that New South Wales is the only State which has made any adjustment on the wheat of any of these seasons, and that the other States have not advised that adjustments are necessary. I point out that they did not tell the Minister that there might not be some adjustments by the time the whole matter was cleared up. If the other States have not advised that adjustments are necessary, they have not yet advised that no adjustments will be necessary.

Referring to the figures submitted—and perhaps the most important matter for New South Wales to-day is that of stocks of wheat—Senator Russell states that the total book stocks of the Commonwealth amount approximately to 50,000,000 bushels; and that we have balances, due for export sales yet to ship, of 16,000,000 bushels, plus certain private flour contracts to be executed. Suppose we call that 17,000,000 bushels in all; there will be a remainder of 33,000,000 bushels, according to the books of the Wheat Board. The figures which the Minister has given as the requirements for food for the whole of the people of the Commonwealth until the 1st January next—which is the earliest day that we must take into consideration—are 19,500,000 bushels. That, deducted from the 33,000,000 bushels, will give a book balance of 13,500,000 bushels. There have been no stock adjustments so far as South Australia is concerned, and, according to the statement made by the late Premier of South Australia, the losses there—I am speaking from memory—are admitted to be about 6,000,000 bushels. I think, therefore, that we must deduct this amount from the 13,500,000 bushels, leaving then a balance, according to the books of the Wheat Board, of only 7,500,000 bushels. I heard the other day—the Minister will correct me if I am wrong—that the Government of West Australia will not allow any more wheat to be exported from that State, so, if we deduct West Australia's 5,000,000 bushels from the figures which I have been dealing with, the carry over, so far as the three principal wheat-producing States are concerned, will on the Minister's own figures be only 2,500,000 bushels, without any allowance being made for the clean up, which will probably show, amongst other things, a large quantity of second class wheat, fit only for the manufacture of second-grade flour for export.

Senator CRAWFORD.—The margin is just one-half bushel *per capita*.

Senator PRATTEN.—That is so. So far as I can understand the position, from the stocks held in Victoria at country stations, and estimated to be available at depôts, it is a very moot question whether, after adjustments have been made, the total in this State will reach the figure appearing on the books of the Wheat Board. It is obvious, also, that we cannot take into consideration any increase

due to the gain in weight because, in New South Wales, where the stocks are practically clear, no addition has been made on this account in respect of the A, C, D, and E crops.

Senator CRAWFORD.—Has this increase in weight any real food value?

Senator PRATTEN.—Of course it has. If all the wheat had been shipped, or consumed during the year in which it was gathered, and had there been no mice or weevil plague, or other pests, it is estimated that the increase in weight on the A crop would have been equal to nearly 1 lb. per bushel, on the B crop nothing, owing to its pinched condition; on the C crop $\frac{1}{2}$ lb. per bushel, and on the D and E crops nearly 1 lb. per bushel, or a total of nearly 5,000,000 bushels extra.

Senator CRAWFORD.—But, if increase in weight is due to moisture, how can it have any food value?

Senator PRATTEN.—It would have been a fair average quality increase, and, up to the outbreak of the war and at the beginning of this primitive storage system which the war forced upon us, this addition to weight was regarded as extra profit for shipping agents.

I have dealt with the figures supplied by the Minister. I now wish to present the figures relating to the wheat position from my own stand-point, which is not quite so optimistic. I take the stock of wheat held in the Commonwealth as appearing on the books of the Wheat Board at 50,000,000 bushels, and from that I deduct 17,000,000 bushels representing contracts yet to be completed and flour yet to be shipped, giving a remainder of 33,000,000 bushels. But at this point I branch off from the calculation made in the answer supplied to the Minister, in connexion with the food and seed requirements of the Commonwealth. So far as I have been able to ascertain, our total requirements for seed, food, and manufacturing for export, are in the region of 45,000,000 bushels per year. Up to the middle of this month three-eighths of the year had gone by, and consequently, estimating on this basis, I have to take five-eighths of 45,000,000 bushels as our probable total needs for the remainder of the year, so that the figure will not be 19,500,000 bushels, but 28,000,000 bushels. And if this total be deducted from the 33,000,000 bushels above referred to, there will be only a balance of 5,000,000 bushels, without any adjust-

ment whatsoever having been made in respect of South Australian stocks. As I have already pointed out, on the authority of the late Premier of South Australia, stock adjustments will have to be made in that State to the extent of 5,000,000 or 6,000,000 bushels, so that there will not be any wheat at all left in the Commonwealth, even if every bushel shown in the books of the Wheat Board is actually available. Then, if Western Australia will not allow any wheat to be exported, what will our position be? Instead of a surplus we shall be faced with an actual shortage, and be obliged to use up a certain amount of second quality wheat that is bound to be in the remainder of the stocks and which can only be made into second quality flour. The position in New South Wales is critical. We have no wheat there now, and if the position develops as I indicate, we shall possibly have to import from overseas to feed the people in New South Wales, and that wheat may cost us from 20s. to 25s. per bushel.

Senator CRAWFORD.—Will not some of the new crop be available before the end of the year?

Senator PRATTEN.—It will be quite the end of the year before any of the new crop is available, and I remind my honorable friend that there is no certainty whatever that it will meet all our requirements next year. I respectfully submit that we are taking too many risks.

A paragraph in the London *Times* of 19th March stated that at a meeting of steam-ship companies engaged in the Eastern trade held to consider a statement of the Ship Comptroller that additional tonnage would be required to bring wheat from Australia during the months of April, May and June, it was reported that special provision had been made to lift 300,000 tons of Australian wheat during those months. In the statement supplied by the Minister yesterday the total allowed for export, on account of the British contract, was 400,000 tons, and I repeat that we are taking a considerable amount of risk in supplying the whole of that contract. Even on the Wheat Board figures we have a very small margin, and I hold that, in view of the experience of New South Wales this year, we ought not to run the risk of allowing our stocks to become bare. We should have a few million bushels of wheat available in Australia on 1st January next,

because it is quite conceivable that barely sufficient wheat will be grown in Australia next year to meet internal requirements. I therefore urge the Minister not to take too optimistic a view of the future, but to play for safety. I suggest that, as apparently we have over-sold, the Government should endeavour to persuade the Imperial Government to cancel 100,000 tons, if not 200,000 tons, of the contract referred to, because it will be a calamity if we sell at 5s. 6d. per bushel and have to import at 20s. or 25s. per bushel, to supply the needs of New South Wales and possibly Queensland as well.

I have given the two sets of figures and analyzed them both, and on my own estimate there appears to be a distinct risk of shortage with the need for importation. According to the statement which I quoted from the *London Times*, ships will be available to lift 300,000 tons of the Australian wheat sold to the British Government.

Senator RUSSELL.—But 107 of those ships have been diverted to lift wool.

Senator PRATTEN.—Then the position is all the easier. It might suit the British Government not to take so much of our wheat. I am glad to have this information from the Minister, because I regard the export of wool as being infinitely more important than the export of wheat. We do not want to send our wheat away, but we do want to ship our wool. Consequently I suggest that the Minister give serious consideration to my suggestion at an early date, so that we may reserve a greater quantity of wheat for Commonwealth requirements. There will be plenty of wheat to ship instead of wheat, and the sooner we get it away the better.

My remarks have nothing whatever to do with the price of wheat scrip. I am not going into that question either one way or another. But I have attempted to focus attention upon the position which we shall occupy if the figures submitted by the Minister ultimately prove to be wrong. We are facing a drought, and I ask the Minister, seriously and sincerely, what he is going to do in this matter. I am sure that he will not place himself in the position of Micawber. In order to insure Australia against a possible wheat shortage, we should be wise, to have 5,000,000 bushels of old wheat in stock on the 1st January next. That wheat will always be worth the 5s. 6d. per bushel

which the British Government pay for it. In view of the shortage of the last crop, the drought from which we are suffering, and of the net results reaped by our Australian farmers, surely the British Government will agree to the cancellation of a portion of their wheat contracts. We occupy an isolated position, and if we had to import wheat we should have to bring it over many thousands of miles of ocean. I rose merely to set against the figures supplied by the Minister, other figures which tell another story, and I believe that a full consideration of the matter on his part will induce him to arrive at the conclusion that it is his duty to play for safety.

Senator RUSSELL (Victoria—Vice-President of the Executive Council) [9.18].—I appreciate the spirit in which Senator Pratten has approached this matter. But there are one or two points to which he referred, and to which I desire to take exception. In this connexion I may mention his reference to Micawber. I may tell him that the Australian Wheat Board not only recognised very early the danger he has emphasized, but took such steps as will guarantee this country against the disaster which he anticipates. New South Wales, the State that he represents, is alone responsible for her present position. She continued to export wheat long after the Australian Wheat Board had advised her to discontinue the practice, and, finally, the Board had practically to prevent her from doing so. Whilst New South Wales, therefore, is not entitled to whine in the hour of her disaster, the fact is that the other States have treated her most generously. Senator Pratten has said that Western Australia will not allow any wheat to go out of that country. His statement is not correct. The trouble of Western Australia is that she objects to selling wheat to New South Wales—which exported more than she ought to have exported—when she is obliged to refuse for it overseas a much higher price than she can obtain in the mother State. Some six months ago the Wheat Board deliberately investigated the stocks of wheat in Australia, and as the result of a conference advised the States that it had no power to hold wheat in the Commonwealth, with the result that every State, including New South Wales, to-day has command of more than sufficient supplies of first-class wheat to last up till the 1st January next. The trouble of New

South Wales is not that she is unable to get wheat, but that she has full contracts until January, when her new crop will come in. Her complaint is that she is not able to get from the other States the wheat for which she has contracted. Instead of the figures which I have submitted being of an optimistic character, they are extremely conservative, because although Senator Pratten has spoken of the quantity of wheat lost in South Australia and other States, more than 90 per cent. of the wheat in Australia to-day belongs to the crops harvested in three years during which we had neither mice nor weevils to contend with. This wheat has probably increased a little in weight. In respect of that wheat which belongs to the 1917-18, 1918-19, and 1919-20 crop, we do not anticipate any trouble. The figures show that, out of 49,000,000 we are obliged to supply, 33,750,000 bushels are not likely to be delivered before the end of January next, but if a real crisis should arise we can still retain some of that wheat. I would further point out that New Zealand will be able to get rid of all the wheat which she has contracted to deliver within the period I have mentioned. No less than 107 of the vessels referred to by Senator Pratten have already been diverted to the export of wool, which, I agree with him, is of more importance to Australia to-day than is the export of wheat.

Senator FAIRBAIRN.—What quantity will they carry?

Senator RUSSELL.—The vessels will average from 4,500 to 6,000 tons. After providing for our contracts, and for the supplies needed in Australia up to January next, we shall thus have a surplus of 14,250,000 bushels. Within the last few days there has been splendid rains in the Wimmera, there is a magnificent prospect of a good season in Western Australia, every inch of the wheat area in South Australia has participated in the bountiful rainfall—in short, there has not been a year since 1915 which has opened with such good prospects for the coming crop. For every bushel of wheat which we now hold in Australia, the sale price of which is 7s. 8d. to-day, we could easily obtain 12s. 6d. overseas. Whilst, therefore, we should do everything that is necessary to insure that sufficient stocks shall be kept on hand for our own requirements, we should be exceedingly careful not to deprive the Australian farmer of the results

of his hard work by keeping an unduly large quantity of wheat here.

Senator PRATTEN.—My differentiation was on the quantity required for home use until 1st January next.

Senator RUSSELL.—Yes.

Senator PRATTEN.—On the average yearly consumption of 45,000,000 bushels my figures are 9,000,000 bushels in excess of the Minister's.

Senator RUSSELL.—We shall have a surplus, after allowing for our own requirements up till 1st January next, of 14,250,000 bushels. Only a few days ago, I was speaking to a miller in New South Wales, and I asked him if any trouble had been experienced in supplying bakers with flour. He informed me that every baker there, recognising that this difficulty was looming ahead, had built up stocks of flour, so that millers found it very hard indeed to place any quantity of that commodity with any baker in New South Wales to-day. We intend to make doubly secure the position in Australia, and we have, therefore, suggested that each State should take practically a census, in order to ascertain how many tons of wheat have been converted into flour which is now held by bakers in New South Wales. No serious crisis in flour or food-stuffs can arise in New South Wales for many months to come. That State would be very foolish to attempt to import wheat from other countries, seeing that it might cost her anything up to £1 per bushel, whereas she can obtain wheat from the other States for 7s. 8d. per bushel, provided that the necessary shipping is available. If it is not available, we are not likely to get shipping from oversea markets in which to bring wheat here. None of our contracts are likely to be completed this year, but I feel sure that if a real crisis should arise the British Government would release a portion of the wheat which they have purchased. Some time ago we approached them on this question, and also offered to repurchase a portion of our own wheat. The Imperial authorities, however, were not very enthusiastic over the proposal, because Australia was not able to prove that she was really short of wheat. I trust that we shall be able to complete our contracts, but none of them are likely to be completed before our next crop is available. Senator Pratten took advantage of about three months when he urged that January next would be the earliest period at which Australia would

have the new crop. May I point out to him that in Western Australia wheat is harvested at the end of November?

Senator PRATTEN.—That is not a difference of three months but only one month.

Senator RUSSELL.—In Victoria the wheat commences to come in about the middle of December, and in the Riverina it is harvested even earlier than that.

Senator SENIOR.—In the northern districts of South Australia we get very early wheat.

Senator RUSSELL.—Everybody knows the enormous price of wheat overseas. We are missing that price to-day. Whilst we ought to insure the safety of Australia by providing amply for her requirements of wheat, it is consoling to reflect that after having made that provision up till 1st January next, we shall have a surplus on hand of 14,250,000 bushels. Next year I would not be surprised to see a record wheat production in Australia, especially if the present seasonal prospects continue. In the Riverina last week there were two good nights' soaking rain, and a similar condition obtained in Victoria and South Australia. In conclusion, I may tell Senator Pratten that the position is being closely watched day by day by the officers connected with the administration of the Wheat Board, and if there should appear to be the slightest danger of any wheat shortage, or shortage of foodstuffs in the Commonwealth, we shall take whatever action is necessary to insure a sufficient margin of safety to carry us well into next year.

Senator FAIRBAIRN (Victoria) [9.30].—I must congratulate Senator Pratten upon having brought up this most important subject. It is of vital importance, particularly to New South Wales, which State is suffering so severely from drought. I congratulate the Vice-President of the Executive Council (Senator Russell) also on the care which he has evidently taken to do what is necessary to protect the people of Australia from the possible calamity of having to import wheat from abroad at exceedingly high prices.

Senator MILLEN.—This is in advocacy of Government interference.

Senator FAIRBAIRN.—Still it is to be hoped that we shall soon be done with the Pools. Whilst we have the Pools it is comforting to find that they have been attended to as we would expect Senator

Russell to look after business with which he is intrusted. I should like the honorable senator to say what part of the Riverina he visited.

Senator RUSSELL.—Albury and Culcairn.

Senator FAIRBAIRN.—There might be a little patch about there which has been benefited by rains, but I was in the Riverina also last week near Deniliquin, and the prospects in that district of a good crop are not very bright.

Senator RUSSELL.—I was in the Riverina on Friday and Saturday night, and there was good rain on both those nights.

Senator FAIRBAIRN.—I think the rainfall was very small, and not more than about twenty points.

Senator REID.—That would hardly lay the dust.

Senator FAIRBAIRN.—The honorable senator is quite right. I hope that the Minister's anticipations of the coming crop will be fully justified, because, with the splendid prices that are now being obtained, our farmers should derive considerable benefit. The worst of our position in the past has been that whilst high war rates have been ruling for our productions, the Australian producers have had no chance to reap the benefit of those high rates. Now, apparently, when we are just about to share in the high prices, Providence has imposed a most frightful drought upon the greater part of Australia. Senator Grant says about one-half of New South Wales is suffering from drought, but I say that at least three-quarters of that State is suffering from one of the worst droughts we have ever experienced.

Senator GRANT.—I subsequently corrected my statement, and said that the drought applied to nearly the whole of the central division of New South Wales.

Senator FAIRBAIRN.—The best part of New South Wales, including the whole of the central division, is suffering severely from drought. We must bear these things in mind when we are considering our financial position.

I have found the debate to-night most encouraging. In the rarefied atmosphere of the Senate we can discuss financial topics without exciting the party feeling which prevails in other spheres.

Senator RUSSELL.—I think the honorable senator may have overlooked the fact that whilst an inch or two of rain may not be of great use for pasture, it may make

all the difference between a good and a bad crop of wheat.

Senator FAIRBAIRN.—I agree with the Minister that, with a comparatively small rainfall at this time, our wheat crops may be assured. At any rate, the rain will bring about germination, but we can never tell until about October what is going to happen with the wheat crop, as a few hot winds may change the whole position.

The financial position of the Commonwealth requires our most careful consideration, and if the Treasurer were in the Senate we could discuss these financial matters with him. We have in the Leader of the Senate (Senator Millen) the representative of the Treasurer, who, I hope, will make a note of any suggestions that may be made. I see that there is to be a Conference of State Premiers next week, and I trust that when they come together they will do a little more than they did at their last meeting, when Mr. Holman returned to Sydney in so precipitate a manner. I hope that on this occasion the Conference will discuss the amalgamation of the Commonwealth and State taxing Departments. This is a hardy annual, and I have spoken about it so often that I am afraid that I may be placed in the same class with my honorable friend on the other side, who so continually refers to the land tax. It is quite time that the taxing Departments of the Commonwealth and States were amalgamated. Every candidate for election to Parliament puts this reform on the forefront of his platform, but we never seem to get any further. There is also to be considered the amalgamation of the electoral Departments of the Commonwealth and States. I believe a few steps have been taken to bring that reform about.

Senator THOMAS.—There is something more important than either of those reforms which requires to be attended to, and that is to have a uniform gauge for the railways of Australia.

Senator FAIRBAIRN.—That means a huge expenditure of more money. That is the very last thing I would suggest at the present time. It would mean the expenditure of some £20,000,000, and we have not the money for that expenditure, and will not have it for many years. It is all very well to talk of the inconvenience of transhipping at Albury and Wallangarra—

Senator MILLEN.—The honorable senator should not overlook the fact that, apart from the inconvenience to which he refers, the longer we delay the more it will cost to convert our railways to a uniform gauge.

Senator FAIRBAIRN. — I understand, of course, that we are always building new railways; but there is another matter which the Minister for Repatriation might take into account, and that is that the present is perhaps the most expensive time that could be conceived for securing railway material. Before very long we may be able to obtain the material at a lower cost, and so be able to carry out the work more cheaply.

Senator DE LARGIE.—And we do not know what new inventions may be discovered to assist us in the meantime.

Senator FAIRBAIRN.—That is so. We may be able to overcome the difficulty by the use of a third rail.

The other matters to which I have referred are reforms right at our hand, and I hope that the able Leader of the Senate (Senator Millen) will bring them under the attention of the Premiers' Conference. The Electoral Departments of the Commonwealth and States might very easily be amalgamated. Besides the expense of the present duplication, it is a very great inconvenience to electors to have to find out first of all whether they are on a State roll, and then whether they are on the Federal roll. If we had one Electoral Office carrying out this work for the Commonwealth and the States, it would be very much better in every way.

Senator THOMAS.—If we were not to have elections so often, that might obviate the difficulty a little.

Senator FAIRBAIRN.—They might be postponed, of course; but I am afraid that that is a reform which is beyond the control even of Ministers. The Minister for Repatriation might see that this matter is brought before the Premiers' Conference and discussed, and, if he does, perhaps some definite steps will be taken to bring about the reform I suggest.

Senator KEATING.—The way is open for every State to come in with the Commonwealth.

Senator MILLEN.—We have opened the door, but we cannot compel them to come in.

Senator KEATING.—Tasmania has come in, and has been carrying on jointly with the Commonwealth for the last ten years.

Senator FAIRBAIRN.—The little island State has often set the other States a good example. Why cannot the other States fall into line with Tasmania in this matter? I understand that there is only a very little difficulty now in the way preventing Victoria from coming into line, and that difficulty ought to be removed. We are under an obligation to conserve our limited means, and to do the people's work as cheaply as we possibly can.

I wish to say a word or two on the subject of the wool control. I have said nothing about it so far, because, as the matter has not been definitely fixed, it has been difficult to criticise. I am afraid that to sell the whole of Australian wool in Australia will involve a limitation of the buying power of purchasing nations. The Prime Minister (Mr. Hughes) has pointed out that only Great Britain and the United States can afford to finance the buying of wool in Australia. When wool sales took place in London and in Antwerp, buyers came from France, Belgium, Holland, and other countries.

Senator SENIOR.—France sent buyers to South Australia two or three years before the war.

Senator FAIRBAIRN.—France has sent buyers of wool to Australia for the last thirty or forty years. Some of the French buyers made a lot of money, and no doubt, will come here again; but some will be unable to do so. It is a very different thing to finance the purchase of wool in London when the purchaser can obtain the wool within a week or ten days from the time it is knocked down to him, and to finance the purchase of wool in Sydney, Melbourne, or Adelaide, when it will take three or four months before the purchaser can secure possession of the wool and turn it into cloth. I am afraid that for this reason we shall not have anything like the buying here that would be possible in London. That is a most material consideration. The man who has to carry the financing of a transaction over four months is in a much worse position than the man who has to

carry it only for a few days, and I am afraid that this consideration will tend to limit the buying power here. We ought to be very careful in the circumstances not to close the London sales altogether. We should allow shipments to the Old Country for sale there. I know that a great number of Australian wool-growers want to sell their wool here, as they have done in the past. I suppose that nearly 90 per cent. have sold their wool here in the past, and will do the same in the future. But when our financial position is so strained as it is, it would be very unwise, in my opinion, to shut off the London sales for any considerable time. I hope that the final settlement of this very difficult problem will be on the lines I have suggested. Australia wants the best possible market for her produce, not only in the interests of the wool-growers, but in the interests of the community generally. We must have as much cash as possible in the Commonwealth if we are to carry on with anything like comfort and convenience to the community.

Senator MILLEN.—The honorable senator recognises that with sales in London the difficulty of financing is with the vendor, whereas with sales in Australia it is the purchaser who must bring his credits here.

Senator FAIRBAIRN.—I agree with the honorable senator. I have thought the matter out very carefully. I think that a number of Australian wool-growers are in a better position to finance the gaps than are, say, the people of France and Belgium, who have had to put up with such calamitous times. Some of our people can ship wool, while some require the money here. Those who can ship it, I think, will do so, and get the money on the other side of the world.

We are there again met with the question of exchange, which is depleting Australian resources very seriously. Canada, India, and Australia are exporting more than they are receiving. In Canada the exchange has gone very much against Great Britain, as the pound sterling is worth only 16s. 5d. In India the exchange is tremendously against Great Britain; but the extraordinary part of it is that it is the other way so far as Australia is concerned. There is no reason, so far as I can see, why some arrangement could not be made whereby Australia could be placed

in as favorable a position as other parts of the Empire. It would appear that a battle is proceeding between the United States of America and Great Britain to see which country is to become the main money centre of the world. We all desire to help Great Britain maintain the strong position she previously held; but, in doing so, Australia alone should not be called upon to assist. Why should not Canada give a hand, as she has escaped a heavy war expenditure, whilst Australia has been heavily involved, and, owing to her isolation, has not been able to receive the world's parity for her commodities? Notwithstanding our unfortunate position in this regard, the exchange position has also been against us, and we are losing millions of pounds sterling per year in consequence of the existing rates of exchange. This is a matter which requires very careful attention by a competent financial expert, as I believe some arrangement could be made to place our exchange on a more satisfactory basis. If this were done, we could materially assist the Mother Country in maintaining her proud position as the financial centre of the world, and at the same time enable our burdens to be shared by other parts of the Empire.

It is not my intention to critically analyze the mass of figures embodied in the schedule of the Appropriation Bill. I often wonder if any one has ever troubled to read the whole schedule.

Senator MILLEN.—The honorable senator has had it long enough.

Senator FAIRBAIRN.—I do not think I have.

Senator MILLEN.—It was available months ago.

Senator FAIRBAIRN.—This embodies the estimated receipts and expenditure for the year ending 30th June, 1920. The previous year's Estimates have been placed by my bedside, and have been the means of inducing sleep on several occasions. If the Minister for Repatriation (Senator Millen) is ever suffering from insomnia, he might try a close perusal of these figures as a remedy. There are one or two points which in all my political career I have been unable to master, and I trust the Minister for Repatriation will be able to throw some light on them. I have selected the Lighthouses Branch, the details of expenditure of

which are set out on page 203. I have not selected this Department because I believe that any unnecessary expenditure has been incurred, but merely because it illustrates my point. This Department has necessarily been in existence for many years, and, according to the figures before us, there is an amount of £17,600 for paying for 208 temporary assistants. It seems extraordinary that in such an old Department it is necessary to employ temporary men from year to year at such a heavy cost.

Senator MILLEN.—Where does the honorable senator get that total?

Senator FAIRBAIRN.—I totalled the figures from the different States. I do not know much about lighthouses, but I believe they are well maintained, and I have specifically referred to this Department because it is typical of many others.

Senator SENIOR.—Temporary assistance is frequently required for the maintenance of buoys, and in some cases men have been temporarily employed to hold the positions for those who have been at the war.

Senator FAIRBAIRN.—That may explain the position, to some extent.

I hope that before the next financial year has advanced we shall be supplied with a proper Treasurer's statement, because we cannot carefully consider our financial position without such a document. Great Britain is actually reducing her war debt, but here it is increasing. We are shortly to be asked to sanction a loan for £20,000,000, but up to the present we have not heard for what purpose it is required. It is, however, another addition to our national debt, and I hope it will be possible to raise the necessary amount in the Commonwealth. The fact that we are to float an additional £20,000,000 in Australia makes it appear that the Treasurer (Mr. Watt) has been unable to raise the money in London. I do not think I am disclosing any secrets, but that is my assumption.

In dealing with public expenditure, I trust it will not be the policy of the Government to dispense with Business Boards, and revert to bureaucratic management. It was suggested in the Economies Commission's report that there is no efficient control of expenditure, and it is very desirable that a Business Board, consisting of paid men, should be appointed, because reliable men

cannot be expected to do the work gratuitously. It would pay the Government to appoint a Business Board, with power to go into the different Government Departments, supervise expenditure, and exercise a continual oversight. Many of our departmental heads are able men, but they have not the close control exercised by men occupying similar positions in private businesses. I trust the Minister will give an assurance that action will be taken in this direction, so that the money will be judiciously expended. Our obligation in the matter of invalid and war pensions, and in other directions, are so heavy that it is imperative that there should be a keen oversight on all financial matters.

Senator KEATING (Tasmania) [9.58].

—I believe that this is the last opportunity during this financial year that honorable senators will have of addressing themselves to the matters that are included in an ordinary Appropriation Bill, and, of course, this is the last occasion that will be afforded honorable senators of talking at large. It is not my intention to deal with a number of subjects; but there is one matter to which I have frequently referred, either on occasions similar to this, or by means of questions addressed to Ministers, and that is the Public Service. A great deal of the Commonwealth expenditure is occasioned by the reimbursements to the officers of the Public Service; and if honorable senators will peruse the schedule of the Appropriation Bill, they will see that much of the money we are appropriating under this measure is for the payment of the salaries of public officers. I have asked, more than once during this session and during the preceding Parliament, when the Government would be likely to introduce the long-promised Public Service Bill. Two reports of the Acting Public Service Commissioner emphasize the necessity of a very radical amendment of the present Act. I heard with pleasure from the lips of the Governor-General, when declaring the policy of the Government this session, that it was intended to introduce a measure to deal with the Public Service of the Commonwealth. Our Public Service Act dates back to the very early days of Federation. We have now had nearly twenty years of actual experience of the workings of that Statute, with certain slight modifications introduced from time to time. The

Federal Public Service to-day is not as it should be. I am not going to say that it is in a chaotic condition, such as it has been described by others. Those charged with the administration of the Public Service of the Commonwealth have very heavy and involved responsibilities. Their responsibilities have been considerably augmented and complicated by events arising from the war.

Very properly, and with the approval of all honorable senators and of the members of the other branch of the Legislature, the Government adopted the policy that, other things being equal, preference should be given to returned soldiers in respect of public appointments. In the actual working of this principle, however, results have been achieved such as were not contemplated by the originators of the policy. Some curious anomalies have occurred. It has been stated to-day, in answer to a question by an honorable senator, that, after the adjournment upon which the Legislature is now to enter, the Government will introduce a measure to deal with superannuation for the Public Service. I have been informed that the result of the policy of preference to returned soldiers has occasioned a paradoxical situation, in that certain of those who returned earliest—and who, thus, were the least engaged in the war—succeeded in getting the best jobs; while those who came home later, after having given greater length of war service, have had to content themselves with the leavings. The result now may be that, with the establishment of a superannuation system, those who returned among the first will have gained a considerable advantage over the men who came back later.

Senator MILLEN.—There was a suspension in regard to making permanent appointments, in order to meet the very difficulty to which the honorable senator now refers.

Senator KEATING. — I understand that there was a suspension; but I have been assured that the facts are such as I have described them. It was, of course, the good fortune of those men who were able to get home early in the war.

Senator MILLEN.—It was very often their bad fortune, in that they were sent back invalided.

Senator KEATING.—I do not suggest that they returned to Australia for the purpose of getting the best appointments; but I point out the actual results, and suggest that they are not such as were contemplated by the originators of the policy.

I understand that in the Postal Service of Tasmania there is a number of returned men employed in the General Division. They have been afforded opportunities to qualify for promotion to the Clerical Division. They have undergone the necessary tests and examinations, and are now eligible for appointments to the other division. Yet months have gone by, and they have not received notification of appointments. Whether this may be due to the suspension order referred to by the Minister for Repatriation I cannot say.

Senator MILLEN.—It may be due to the absence of vacancies.

Senator KEATING.—To one fact or the other, no doubt.

Another matter having to do with the Public Service, and concerning which I have heard complaints, is this: It is stated that officers in the Public Service who are in the central Departments are placed at great advantage compared with officers serving in the other States. Whether that be true or not, I cannot say.

Senator PEARCE.—They are said to be nearer the throne.

Senator KEATING.—That is so. It is suggested that the position may be due to their opportunities for exercising influence. I think it is due rather to the fact that others have not an opportunity to demonstrate their capacity to those in authority. I received some assurance in that regard on the occasion of a recent visit to Tasmania, when officers in one of the Departments of the Commonwealth, both senior and junior, told me that certain officers who had been borrowed and sent to the Central Branch in Melbourne had, in a matter of about sixteen months, considerably outstripped their seniors who had remained behind. These latter officers said, "Good luck to them; we have no objection to their rapid advancement, but we, apart from that, are entitled to be on the same level as they now are. We, however, are in outer darkness, and look with

little confidence to our chance of progress, notwithstanding that we have fulfilled all necessary conditions entitling us to advancement." The Government, during the adjournment, and before introducing the new measure, might well give this point full consideration. Nothing will insure an adequate and efficient Public Service if we cannot guarantee that salaries paid for work done shall be commensurate, and that opportunities for promotion—no matter where the service may be performed—shall be properly provided. If a man is employed at a scene distant from the Seat of Government, and does not come frequently under the notice of Ministers or heads of Departments or Public Service Inspectors or Commissioners, it is only natural that he should not hope to advance, and so will not go very fast. When the original Public Service Act was passed it was hoped that the Commonwealth would have one of the finest services in the world. But we must see that full and fair consideration is given to the rights of every public officer.

Senator THOMAS.—That was the idea behind the present Act.

Senator KEATING.—But it has not worked out in that way. The Service has grown very rapidly.

Senator THOMAS.—For the past five years there has been an Acting Secretary to an Acting Public Service Commissioner.

Senator KEATING.—In regard to that matter I have more than once asked when these acting positions are to be permanently filled. For example, I have given notice, and asked the question, as to how long the Acting Secretary to the Acting Public Service Commissioner is likely to be required to remain in his acting capacity to this acting officer.

Reference was made by the Minister for Repatriation to the fact that it is quite possible that certain of the returned soldiers who have served in the General Division, and have qualified for the Clerical Division of a public Department have failed to receive promotion because there are no vacancies. I admit that possibility, but it reminds me of a further circumstance occurring in Victoria. I understand that in the Federal Taxation Department there have been for a considerable time

either twenty-five or twenty-nine vacancies, and that the requisite number of nominees to fill those positions have been designated by the Acting Public Service Commissioner, but that no appointments have yet been made.

Senator MILLEN.—When the honorable senator speaks of vacancies, does he refer to vacancies which previously existed, or to positions for which the Commissioner has designated nominees, but which proposed appointments have not been approved?

Senator KEATING.—They are vacancies for the filling of which the Commissioner has actually made nominations.

Senator REID.—And there is no one doing the work at present?

Senator KEATING.—I only know that the positions have not been filled. The nominees themselves have done everything within their power to render themselves eligible, and the Acting Commissioner has done everything necessary on his part. Still those vacancies exist. Whether there are persons temporarily occupying them I do not know. I understand that reference has been made to this same matter in another place, and that the facts have been admitted. It is a situation which requires immediate attention.

Senator FAIRBAIRN. — Were some of these returned soldiers?

Senator KEATING.—Among either twenty-five or twenty-nine such vacancies, fourteen or fifteen of the nominees were returned men. I emphasize that nominations have been properly made for the filling of actual existing and acknowledged vacancies.

Senator MILLEN (New South Wales—Minister for Repatriation) [10.15].—Although the debate has been brief, I think I can say it has been of a useful character, and, in replying, I do not propose to detain honorable senators for very long. I acknowledge Senator Grant's periodical sermon upon the question of direct taxation; but I suggest that he is making a mistake in enunciating his principles in this chamber. He should endeavour to impress them upon the members of his own party, who are in occupation of the Treasury benches in New South Wales. If they take his words to heart, and set us an example, we shall then be able to see how his views

work out in actual practice, and if they prove satisfactory, we may be encouraged to adopt them.

I turn now to the thoughtful speech delivered by Senator Fairbairn. Two or three of the points which he mentioned seemed to command the approval of honorable senators. With regard to the first—the amalgamation of the Commonwealth and State Taxation Departments and Electoral Departments—I remind him that the Commonwealth has gone about as far as it can in these matters. As to the electoral system, the position is as indicated by Senator Keating. In our Electoral Act there is a standing invitation to the States to come in. The State represented by Senator Keating has accepted the invitation, and is now working under the unified system.

Senator FAIRBAIRN.—Can you not appeal to them again?

Senator MILLEN. — We can, of course, ask them again; but whatever we do does not seem to have much effect. For some reason or other the States are jealous of their sovereign powers, and Senator Fairbairn, I know, is a staunch champion of State rights. We have shown what we are prepared to do in the matter of amalgamation, and have pointed out to the States how they may save money.

Senator KEATING.—And convenience the people, too.

Senator MILLEN.—I cannot extend a great deal of sympathy to the elector, as depicted by Senator Fairbairn, who thinks it a tremendous inconvenience to see whether he is on the electoral roll or not. If any one is blameworthy for remissness in connexion with the amalgamation of the Departments, it is not the Commonwealth, which has all along shown a willingness to work with the States, if only they will disclose a similar spirit. It is possible—I have not yet seen the agenda-paper—that this subject will be again considered at the approaching Conference of State Premiers.

Senator Fairbairn also mentioned wool contracts. He cannot expect me to enter into a discussion of that subject to-night, more particularly as negotiations are now proceeding; but I feel sorely tempted to express my opinion generally upon the attitude of the Government's

critics with regard to these various Government control activities. The Government has, with a considerable amount of success, handled several of these big problems; but it has received nothing but abuse, criticism, and misrepresentation from the very people whose interests have been conserved. The Government may have made mistakes. After all, we are but human, and, as honorable senators know, every business firm makes mistakes. Speaking for myself, I feel desperately tempted, whenever I hear criticism in connexion with these matters, to tell the people who rend the Government tooth and nail for mistakes, that for the future I will listen very carefully to all suggestions made, but will think twice about taking control. The Government has given up control of the coal position; and as we have seen, within twenty-four hours the Premier of this State made a pathetic appeal to the Government to continue a system for which we have been abused from one end of the country to the other. It is one thing to carry a heavy responsibility when those for whom the burden is being carried appreciate what is being done; but it is quite another thing to do this and at the same time keep in view the national interests, and receive nothing but abuse for our trouble.

Senator Fairbairn also raised the position of lighthouse temporary employees. I know nothing about that matter, but I have been informed that the apparently heavy charge incurred is due to the fact that it costs more to send relief to lighthouses than to relieve employees in the city, for not only has the temporary employee, appointed to relieve a lighthouse-keeper, to be paid for the actual time worked, but frequently for two or three days is occupied in travelling. It costs more to relieve this branch of the Service than any other section.

Senator FAIRBAIRN.—Are they temporary men or permanently temporary?

Senator MILLEN.—They are temporary men. This is the explanation given to me by the officers.

Senator FAIRBAIRN.—Does not the Minister think the sum rather large?

Senator MILLEN.—I was rather struck by the fact that it represents about 20 per cent. of the total wage sheet; but,

as I have said, that is the explanation furnished to me. Now that the honorable senator has raised the question, I shall bring it under the notice of the responsible Minister, and get him to look into it.

Senator Fairbairn also made reference to the need for economy, a term which is being rather extravagantly used of late. I speak of it thus because quite a large number of people preach the doctrine and interpret it to mean a cutting down of expenditure which somebody else may want, but a lavish expenditure in directions which they favour. I do not suggest that the honorable senator regards the matter in that light. I can only repeat the assurance given in the Governor-General's Opening Speech, that the Government proposes to bring in a Bill to give effect to the Economies Commission's recommendations. When that measure is introduced, honorable senators will have a full opportunity of seeing whether it will really make for effective, and not a spurious, economy.

Senator Keating raised several matters in connexion with the Public Service, but I am sure he recognises the difficulty himself. In fact, his speech disclosed the fact that he fully appreciates the difficulties of handling the Public Service so as to secure opportunities for advancement without at the same time leaving the door open to some possible favoritism. I am hopeful that the new Bill which the Government will introduce at no very distant date will contain machinery enabling us to appreciably improve the present position. As to the grievances which the honorable senator voiced with regard to public servants in distant parts of the Commonwealth, I can assure him that nothing is done intentionally to place them at a disadvantage. My own experience suggests that the position is not quite so serious as it would appear to be, because responsible officers in distant States are themselves always looking for alert and smart men, and it is not long before their records reach headquarters; so, sooner or later, they get their chance. It is, however, a little curious that, whilst accusations are made that those nearest the "throne" get all the advantages, quite recently complaints have been made in the Defence Department that the principal positions nearest the "throne" have gone to Queenslanders.

Senator CRAWFORD.—I think there is a good deal of misapprehension over that matter.

Senator MILLEN.—Well, I am just giving honorable senators the facts. Senator Keating referred to certain vacancies which he thought should have been filled; and on this subject I speak with some reservation, because I have only obtained information from departmental officers. They inform me that some time ago it was decided to create a number of positions, and accordingly advertisements were inserted in the press inviting applications. In the meantime, a doubt arose as to whether it would be necessary to make all the appointments; and, under the circumstances, especially in view of the demand for economy, it was thought desirable to suspend the making of the appointment for a little while, in order to ascertain how many, if any, would actually be required. Obviously, it would be unwise to appoint permanent officers if, in a few weeks or months, their appointments could not be justified. I think I have dealt with most of the matters mentioned during the second-reading debate; and, if desired, I shall be pleased to supply what other information I may have during the Committee stages of the Bill.

Question resolved in the affirmative.

Bill read a first time.

Motion (by Senator MILLEN) put—

That this Bill be now read a second time.

Senator GRANT (New South Wales) [10.29].—I should like to ask the Minister for Defence (Senator Pearce) whether he can give any particulars with regard to the—

The PRESIDENT (Senator the Hon. T. Givens).—It is not permissible, during the second-reading debate, to ask questions of Ministers.

Question resolved in the affirmative.

Bill read a second time.

In Committee:

Clauses 1 to 3 agreed to.

Schedule.

Senator KEATING (Tasmania) [10.32].—In speaking previously upon the subject of twenty-five vacancies in the Taxation Department, Central and Victorian, perhaps I failed to make the position quite clear. I find upon further reference to my notes that the positions advertised were really applications for promotions, and that simultaneously appli-

cations were invited in connexion with corresponding promotions in the other States. All the action necessary to fill the positions by promotions was taken both in the other States and in Victoria. Strangely enough, those officials who had been nominated for the positions in Victoria by the Acting Public Service Commissioner have not yet been appointed, although the officers who were nominated for similar positions in the other States have received their appointments. In Victoria the appointment of the successful applicants has been held back for some reason or other, and their positions have thus been endangered. I quite recognise that the Minister may not be able to get full information in respect of this matter at a moment's notice; but I should like an assurance from him that he will inquire into it with a view to seeing that those officers who have fulfilled all the necessary conditions for promotion are appointed to the positions for which they have been nominated so long.

Senator MILLEN (New South Wales—Minister for Repatriation) [10.35].—I will see that a proof of the honorable senator's speech is forwarded to the Taxation Commissioner, with a request that he should supply a specific answer to the statements contained therein, and that answer I will forward to Senator Keating during the short parliamentary adjournment.

Senator KEATING (Tasmania) [10.36].—Reference has recently been made in the Melbourne press to the congestion which prevails in the Law Court buildings of this city, and it has been suggested that the Commonwealth, or the State Government, or both, might utilize a site in the vicinity of those buildings for the erection of new Law Courts. I take it that if any such building is erected either by the Commonwealth or by the State, or by both, due regard will be paid to the housing of the Commonwealth Crown Solicitor, who now occupies a position somewhere in Queen-street. Is the Minister in a position to say what action is likely to be taken to relieve the congestion which obtains at present, and which equally prejudices both the State and the Federal Courts? If he is, the information will be exceedingly welcome. In both the Arbitration Court and the High Court considerable inconvenience is occasioned by lack of accommodation, and the Judges

of the State Supreme Court have frequently to make use of their own chambers as Courts for the time being owing to all the other Courts being occupied. If a new Law Court building is to be erected, will an opportunity be taken to reduce some of the rents which the Commonwealth is now paying by housing the Crown Solicitor and other Commonwealth officers there?

Senator MILLEN (New South Wales—Minister for Repatriation) [10.39].—I am informed that the new Law Court building to which Senator Keating has referred exists only in the imagination of the author of the paragraph which appeared in one of our newspapers.

Senator KEATING.—There is more than that in it, because I have seen Commonwealth officials inspecting the buildings.

Senator MILLEN.—In view of the definite statement of the honorable senator, I will most certainly have the matter cleared up. But my information at present is that there is no foundation whatever for the paragraph in question.

Schedule agreed to.

Preamble and title agreed to.

Bill reported without request.

Motion (by Senator MILLEN) proposed—

That the report be adopted.

Senator GRANT (New South Wales) [10.43].—When the Defence Department was under consideration I desired to obtain information in respect to one item, but I was prevented from doing so owing to the absence of the Minister from the chamber. Now that he has returned I would like to ask him—

The PRESIDENT (Senator the Hon. T. Givens).—The action of the honorable senator is not a proper one at this stage. The question before the Chair is whether the report shall be adopted.

Senator GRANT.—Before the report is adopted I desire to get certain information from the Minister.

Senator PEARCE.—What is the nature of the information?

Senator GRANT.—I desire to know who are the authorities in charge of the Graves Commission, and who is the representative of the Commonwealth upon that body?

Senator PEARCE.—The Graves Commission is an Imperial Commission, and the Commonwealth is represented upon it by the High Commissioner.

Report adopted.

Bill read a third time.

SUPPLY BILL (No. 1) 1920-21.

Bill received from House of Representatives.

Standing and Sessional Orders suspended.

Motion (by Senator MILLEN) proposed—

That this Bill be now read a first time.

Senator PRATTEN (New South Wales) [10.45].—I take this opportunity to refer to the Post and Telegraph Department and the answer I received to a question I put recently with reference to the position of the telephone service in Sydney and its suburbs. The answer was from the Acting Treasurer (Sir Joseph Cook), but it did not say that he had placed an adequate amount at the disposal of the Postmaster-General. If this parsimonious policy is to continue in connexion with a service that has fallen into a state almost of chaos, then we are going to have interminable trouble in Sydney and its suburbs in connexion with a most important public service. Speaking from memory, the Department made a profit from this service during the last year of between £40,000 and £50,000. I am one who does not believe, shall I say, in the mishandling of money by the exercise of a parsimonious policy of saving a few thousand pounds on a service of great benefit to the public and expending it in less laudable directions. I direct the attention of the Minister for Repatriation (Senator MilLEN) to the fact that the Acting Treasurer has not said that he will allow an adequate amount of money to bring this service to a state of efficiency.

Senator MILLEN.—What has he said?

Senator PRATTEN.—Something beautifully nebulous.

Senator MILLEN.—So is the term "adequacy."

Senator PRATTEN.—I do not think so.

Senator MILLEN.—Who is to be the judge of the adequacy.

Senator PRATTEN.—I should say the Postmaster-General, and the engineer for the telephone service to which I refer, who has said that the service has been starved for years, and that the present position is practically the fault of the Treasurer. I urge Senator MilLEN to make representations to his colleague that this is a matter which cannot be longer subjected to a cheese-paring policy. The

service rates have been raised more than once, and the people are paying very stiff rates indeed for a telephone service that they do not get. We are playing the confidence trick with telephone subscribers in Sydney, since we are not giving them what they pay for. This is a serious matter, and, as a representative of New South Wales, I intend to pursue it until the position is rectified. I ask Senator MilLEN to make representations to the Acting Treasurer that nothing short of an adequate amount of money to buy the material necessary to bring the service up to a reasonable state of efficiency will be a fair thing, and that the present position cannot be allowed to continue without the strongest further protests.

Senator GRANT (New South Wales) [10.49].—I do not profess to know what is the reason underlying the defective condition of the telephone service in Sydney, but I do know that the service available in Melbourne is better in every respect. There is something radically wrong with the Sydney service. Surely the people of Sydney and its suburbs should be given a service equal to that supplied to the people of Melbourne and elsewhere. Complaints have been made of the Sydney service, to my knowledge, for the last fifteen months, and they should be brought to an end.

Senator MILLEN (New South Wales—Minister for Repatriation) [10.50].—Senator Pratten raises on this occasion a matter which he brought up recently, requiring more generous expenditure in connexion with the telephone service in Sydney.

Senator PRATTEN.—A less parsimonious expenditure.

Senator MILLEN.—My honorable friend and I will not delay the Senate at this time with definitions. He wants more money spent. He asked a question the other day, and was given the answer that already considerable sums have been made available for this purpose.

Senator PRATTEN.—No figures were given.

Senator MILLEN.—That is so. Now the honorable senator complains that the Acting Treasurer (Sir Joseph Cook) has not said that an adequate supply is made available, and the thing is delightfully vague and nebulous. I do not know that in that regard the reply given to the honorable senator could surpass his own statement, which I took down in these words, "That an adequate supply

of money be provided to bring the service up to reasonable efficiency." That is as vague as a statement could well be. The question is: What would be an adequate sum, and what would the honorable senator regard as a reasonable standard of efficiency?

Senator PRATTEN.—I shall let the Minister know when we meet again.

Senator MILLEN.—The honorable senator has had the assurance that now that the war is over, in the opinion of the Government enlarged expenditure on these services is justified, and the Government propose to make provision to that end.

Senator THOMAS.—We cannot possibly have a good telephone service in Sydney until the Department gets into the new building.

Senator MILLEN.—Senator Pratten said, generally, that the service has been started, and, with great particularity, he demands that an adequate sum of money shall be made available. The answer of the Government is that they recognise that now that the war is over they see their way to a more enlarged expenditure to overcome many difficulties, about which numbers of the people in Australia are complaining. That promise stands good, and Senator Pratten will be invited before long to help the Government to redeem it.

Question resolved in the affirmative.

Bill read a first time.

Senator MILLEN (New South Wales—Minister for Repatriation) [10.53].—I move—

That this Bill be now read a second time.

This Supply Bill is necessary at this juncture in view of the forthcoming adjournment. It will make provision for the month of July, and includes provision for ordinary services for the full month, and for salaries payable on the 9th and 23rd July. The total of the Bill is £1,838,847, made up as follows:—Ordinary Votes, £811,182; War Services payable from Revenue, £227,665; Refunds of Revenue, £50,000; and Treasurer's Advance, £750,000. This Supply Bill is based on the Estimates for the year 1919-20, to which the Senate has only just assented. No new services are provided for, but it will be necessary to provide out of the Treasurer's Advance for expenditure on new works, additions, &c., in July, as well as for unseen items, and this accounts for the inclusion of the

comparatively large sum under that head. The total amount appropriated for the current financial year is £21,186,961. One-twelfth of that amount of £1,765,580, which is £73,267 less than the amount in this Supply Bill. This slight excess is due to the amounts included for Refunds of Revenue and Treasurer's Advance.

Question resolved in the affirmative.

Bill read a second time.

In Committee:

Clauses 1 to 4 agreed to.

Schedule.

Senator PRATTEN (New South Wales) [10.56].—I asked a question to-day concerning the annual report of the Chief Commissioner for Taxation. I was informed that the report is not yet published, but that the Acting Treasurer would expedite its publication, as it contained a dissection practically of the incomes of the people of Australia, and would be very valuable to honorable senators in the consideration of the forthcoming Budget. I should like to ask the Minister for Repatriation if the Income Taxation Commissioner's report is not available at an early date, say, within a few weeks, to request the Acting Treasurer to have prepared the dissection I asked for in my question, so that it might be available, say, at the beginning of the new financial year. The question of finance will loom very large when Parliament meets again, and we are faced with the consideration of how we are going to pay the many millions that we have voted away. The information for which I have asked will, I am sure, be of very great value to honorable senators.

Senator MILLEN (New South Wales) —Minister for Repatriation) [10.58].—I appreciate the point which the honorable senator is endeavouring to impress upon the attention of the Committee, and will ask the Acting Treasurer to see if what he desires can possibly be done.

Senator GRANT (New South Wales) [10.59].—It has been represented to me that in connection with the work of the Graves Commission, the Commonwealth will probably be involved in an expenditure of £750,000 to provide memorial headstones for soldiers who died at the Front. If that be so, I think the Committee is entitled to some information as to what is being done in this matter. If the memorial headstones can be executed in Australia the work should be done here. I should like to know whether steps have not already been taken to place the work in the hands of the Italian

authorities, and, generally speaking, what has been done in the matter. I understand that each of the headstones is estimated to cost approximately £15. The Committee is entitled, if the Minister has the information, to know what is being done, and I should be glad if he will supply honorable senators with any information he has on the subject.

Senator PEARCE (Western Australia —Minister for Defence) [11.0].—I cannot give the information at the present juncture, because I am not familiar with the latest decision of the Graves Commission. I shall have inquiries made as to what has been decided, but I know the question of the utilization of Australian stone has been considered, and that the Government have made representations to the Commission.

Senator GRANT (New South Wales) [11.1].—In connexion with the vote for the Department of Works and Railways, I desire to know whether the attention of the Minister for Repatriation (Senator Millen) has been drawn to a letter which appeared in the press under the signature of a well-known contractor, who wrote in opposition to the day-labour system. This gentleman referred to the excessive cost of the East-West railway, and inferred that it was due to the methods adopted. Every one knows that the cost of material advanced enormously during the period of construction, and it is grossly unfair to say that the expenditure was increased because the line was constructed under that system. It is true that wages advanced slightly, but the main cause, in my opinion, was the extra cost of material. I do not think that such a statement should be allowed to pass unchallenged. Has the Minister for Repatriation seen the report?

Senator MILLEN.—A report by whom?

Senator GRANT.—It is a letter written by Mr. Teesdale Smith.

Senator MILLEN.—If Mr. Teesdale Smith's letter appeared in a Sydney newspaper, would it not be proper for the honorable senator to send his reply to the paper?

Senator GRANT.—Not necessarily, because I think it is the duty of the Minister representing the Department to contradict the statement.

Senator DE LARGIE.—If the honorable senator knew Mr. Teesdale Smith, he would not be concerned in the matter.

Senator THOMAS.—In one case he asked for £100,000 for extras and received only £900. That should be sufficient.

Senator GRANT.—The letter appeared in the *Sydney Morning Herald*, and Mr. Teesdale Smith's statement should not be allowed to pass unchallenged, as it is absolutely incorrect.

In regard to the Treasurer's Advance, in what way is the sum of £750,000 to be expended? 'An item of this nature should be spread over the various Departments.'

Senator MILLEN (New South Wales—Minister for Repatriation) [11.6].—I can quite understand Senator Grant's natural disinclination to trust any one with £750,000. The honorable senator will remember that I have already explained that this amount is to be expended on public works now in progress. Certain additions have also to be made that will require a considerable portion of that amount, and every penny that is spent has to come before this Chamber for approval. It is not possible to bring in detailed estimates of the new works and buildings proposed for the whole year, but they will be presented later. This amount is to meet current payments on works and buildings, and those miscellaneous works continually going on. There is nothing unusual in the item, and Senator Grant knows perfectly well that similar requests have been submitted to the Senate in the past.

Schedule agreed to.

Preamble and title agreed to.

Bill reported without request; report adopted.

Bill read a third time.

AUDIT BILL.

In Committee (Consideration resumed from 14th May, *vide* page 2107):

Clause 2 agreed to.

Clause 3.

Senator MILLEN (New South Wales—Minister for Repatriation) [11.8].—I move—

That clause 3 be left out with a view to insert in lieu thereof the following new clause:—

"3. The principal Act is amended by inserting therein after section 10 the following sections:—

"10A. The Audit Department of the Commonwealth shall be a separate Department, and the Auditor-General shall be the permanent head of the Department."

"10B. Notwithstanding anything contained in the Commonwealth Public Service Act 1902-1918 or the regulations thereunder, the powers and functions by that Act and those regulations conferred upon the Commissioner, a permanent head and a chief officer shall, in relation to the officers of the Audit Department, be exercisable by the Auditor-General and any reference in that Act and those regulations to the Commissioner, a permanent head and a chief officer shall, in relation to the officers of that Department, be read as a reference to the Auditor-General."

Clauses 3 to 5 were hastily inserted in another place, are not in strictly correct form, and are in other respects unsatisfactory in their verbiage. It is, therefore, desired to substitute a new clause in lieu thereof. The effect of this clause is to make the Auditor-General's Department a separate Department instead of being a branch of the Prime Minister's Department; and to give the Auditor-General the powers of the Public Service Commissioner in regard to his staff. The Public Service Act will still apply to his officers, but the functions of the Public Service Commissioner will be discharged by the Auditor-General. This amendment has been recommended by the Royal Commission on Navy and Defence Administration. The following is an extract from their report:—

"That a separate Department be created for the Auditor-General, and that the staff thereof be exempted from the operations of the Commonwealth Public Service Act, and, further, that the Auditor-General be authorized to maintain a sufficient staff in the Defence Department to enable a continuous and effective audit to be conducted."

Senator THOMAS (New South Wales) [11.12].—I understand that it is the intention to remove the Auditor-General's Department from the Public Service and create another Department.

Senator MILLEN.—To remove it from the control of the Public Service Commissioner.

Senator THOMAS.—I am entirely opposed to that, and I hope the proposed new clause will not be embodied in the Bill. As I understand the position, the Auditor-General in future is not to go to the Public Service Commissioner or any of his officers in connexion with his Department, but is to have the right to choose his own men. It is not only the Auditor-General who is asking for this change, because there are heads of other

Departments asking for something similar. I am sure that if the Government Meteorologist, Mr. Hunt, were approached he would say he could do better work if he selected his own staff. The Secretary to the Postmaster-General's Department and the Secretary to the Department of Trade and Customs would also express the same opinion. We are informed by the Minister for Repatriation that the position of Public Service Commissioner has not been permanently filled, because the Government contemplate introducing a Bill to amend the Public Service Act. If that is so, it appears that we might delay this matter until that measure is introduced, as we are very seriously interfering with the Public Service. We are allowing the Auditor-General to deal with his own men, and I can quite understand the Commission to which the Minister referred making such a suggestion, as it consisted of practical men who were not members of the Public Service. A business man considers that he cannot conduct his business satisfactorily unless he is allowed to select his own officers. He says, "I appoint whom I desire, dismiss whom I care to turn out, and select whom I wish; and unless I have that power I cannot run my business." He brings the same principle to bear in respect of a Public Department, and asks how the head of that Department can run affairs properly unless he possesses the same power. We cannot give the Auditor-General that power, however. Although he has the right to select his own officers, he may not dismiss them; indeed, he is actually restricted in his scope of selection, in that he must choose from among the officers of the Public Service. Even this new clause does not give the Auditor-General the right to go outside the Service. If he could say that there was no one within the Public Service capable of doing the work required, he would be free to go outside and make his selection. The same applies to the Public Service Commissioner, who may choose from without the Federal or State Services if he cannot find a competent man inside it to fill a particular post. If we grant to the Auditor-General this proposed right, it will intensify the facts as related by Senator Keating this evening. The honorable senator has stated that the fur-

ther a civil servant is away from headquarters the less chance he has of being brought under the notice of those in authority and, thus, of securing promotion. In the Public Service Act an endeavour has been made to obviate that disability by the appointment of inspectors; but I understand that to-day there are still only the same number of inspectors as were appointed years ago, when the Service contained about one-tenth of the total number of officers employed to-day. The original idea was to appoint inspectors, who would travel throughout the length and breadth of each State, and report upon the work and capacity of public servants employed in distant parts. The Auditor-General, however, has no inspectorial staff travelling in the interests of his requirements. If he finds it necessary to select additional officers, he will almost inevitably choose them from among the comparatively few who come under his notice. The officers at present in the Auditor-General's Department are not very keen on this new proposal unless their rights of securing advancement by selection to posts in other Departments are protected. The Auditor-General can make promotions from amongst the officers in his own Department, and can give increments under the Act without reference to the Public Service Commissioner; but the inspectors working under the latter official have nothing to do with the Auditor-General's Department, and cannot know the nature of the work of the officers engaged therein when it comes to a matter of making selections to fill important vacancies in any branch. Mr. Whitton was a member of the Auditor-General's Department a number of years ago when an important vacancy arose in the Customs Department. He had had no knowledge of working in that Department, but the Public Service Commissioner nominated him for the post, and he was selected. If the Auditor-General's Department is now to be removed from the purview of the Public Service Commissioner and his inspectors, the officers under the Auditor-General feel that the Commissioner will not be in a position to make himself acquainted with their capabilities when it comes to a matter of filling important positions in other branches. One of the chief reasons for my objection to the clause is that I am

still a strong believer in the general principles of the Public Service Act. Another objection is that the tendency will be to make the Department watertight, to the detriment of the officers under the Auditor-General.

Senator MILLEN (New South Wales—Minister for Repatriation) [11.23].—There is a good deal in the contention of Senator Thomas concerning the possible results arising from the adoption of the new system. The purpose of the clause, however, is very clear. The Auditor-General is clothed with grave responsibilities; and, in the circumstances, the Government has submitted the new proposal, believing that the Auditor-General should be especially entitled to select the officers with whom he is to work. I appreciate the force of the arguments of the honorable senator, but can see no other way of giving the Auditor-General such complete and effective control over his staff as he desires and should have.

Senator THOMAS.—But every other Department is asking for the same right.

Senator MILLEN.—I am not denying that; but in view of the complaints of the Auditor-General concerning the impairment of the efficiency of his staff under the present system, the Government feels that it is justified in trying this experiment. It is possible that experience may disclose such drawbacks as Senator Thomas has suggested. At this stage, however, I urge the Committee to accept the proposition.

Senator SENIOR (South Australia) [11.25].—The arguments of the Minister can be applied to every Department. The Postmaster-General may say, for example, that the work of his Department is skilled, and that he requires specially-trained officers, whom he should have the right to select, in order that the Department may be carried on economically and efficiently. In the proposal of the Government we see the introduction of a novel scheme as applied to the Civil Service, the effect of which, I fear, will be to disintegrate the Service and make each Department a petty Civil Service of its own. The Auditor-General cannot succeed in his important duties unless he has men under him who have confidence in him and in whom he has confidence. But if a civil servant finds himself so placed that he cannot avail

himself of the public officer's ordinary opportunities of advancement, he will, naturally, be discouraged.

Progress reported.

Senate adjourned at 11.29 p.m.

House of Representatives.

Thursday, 20 May, 1920.

MR. SPEAKER (Hon. W. Elliot Johnson) took the chair at 2.30 p.m., and read prayers.

WAR GRATUITY REGULATIONS.

Mr. FENTON.—It is stated in the press that the war gratuity regulations have received the approval of the Executive Council. I ask that they may be made available to members and the public as soon as possible, so that the various inquiries regarding the gratuity may be correctly answered.

Sir GRANVILLE RYRIE.—They will be made available as soon as possible.

WHEAT POOL.

SACKS—DISTRIBUTION OF MONEY.

Mr. GREGORY asked the Acting Treasurer, *upon notice*—

1. Whether the profit of £130,000 accruing through the sale by the Government of wheat sacks has yet been paid into the Wheat Pool as promised?

2. Whether the Government will endeavour to have made available at once to the growers all cash in hand belonging to the A, B, and C pools?

Sir JOSEPH COOK.—The answers to the honorable member's questions are as follow:—

1. The Commonwealth Bank has to-day been instructed to pay to the Australian Wheat Board the whole profit, viz., £130,036.

2. Payments to growers are made only at the request of the State Governments. Arrangements are nearing completion for a further payment which was recently requested.

DARWIN: ARRIVALS AND DEPARTURES.

Mr. McWILLIAMS asked the Minister for Home and Territories, *upon notice*—

1. The number of persons who have left Port Darwin since the 1st January of the present year to date?

2. The number of disembarkations at that port during the same period?

Mr. POYNTON.—The particulars desired by the honorable member are as follow:—

1. Departures from Darwin.—Oversea—Males, 61; females, 10; total, 71. Inter-State—Males, 495; females, 182; total, 677. Total departures, 748.

2. Disembarkations at Darwin.—From Oversea—Males, 59; females, 3; total 62. Inter-State—Males, 182; females, 81; total, 263. Total disembarkations, 325.

ALLOWANCE POST OFFICES.

Mr. GABB asked the Postmaster-General, *upon notice*—

1. The number of allowance officers in the year 1913-14, and the total amount of their remuneration for that year?

2. The number of allowance officers in 1918-19, and the total amount of their remuneration for that year?

Mr. WISE.—The answers to the honorable member's questions are as follow:—

1. The number of non-official officers (semi-official, allowance, and receiving) in 1913-14 was 7,269, and the total amount of their remuneration for that year was £248,525.

2. The number of non-official officers in 1918-19 was 7,233, and the amount of their remuneration for that year was £291,872.

Mr. NICHOLLS asked the Postmaster-General, *upon notice*—

1. Whether it is a fact that allowance postmasters have not had their scale of allowance increased during the past eight years?

2. Do allowance postmasters in receipt of an allowance less than £100 per annum receive any allowance for rent or for lighting and cleaning the premises used by them as a post office?

3. Is it the intention of the Minister to increase the allowances of allowance postmasters, in view of the enormous increase in the cost of living?

4. Is it a fact that the Department is making huge profits out of the allowance post offices, and losing money on a great many of the official post offices?

5. Is it a fact the Department has allowance post offices at which, for an allowance of less than 10s. per week, it expects the allowance postmaster to be in attendance from 9 a.m. to 6 p.m. to perform the following duties:—Sale of postal notes and stamps, registration of articles, receipt and despatch of mails, attend to telegraphic and telephonic communications, and also to pay for lighting and cleaning of premises?

6. Do allowance postmasters at larger post offices have to work up to fourteen hours per day for less than £3 per week, doing Government Savings Bank work, money order, postal notes and telegraphic and telephonic communications?

7. If such is the case, will the Postmaster-General see that such officials work reasonable hours and receive for such a reasonable remuneration?

8. Do allowance postmasters get any annual holidays; if not, will the Minister consider their claims for such holidays on full allowance?

9. Does the Department compel allowance postmasters to portage mails to and from railway stations without extra payment for same; if so, will the Minister see that such officials are paid for the extra labour that they perform?

10. Does the Department pay allowance postmasters the fees which are due to them for messenger and detention fees?

Mr. WISE.—The answers to the honorable member's questions are as follow:—

1. No.

2. Yes.

3. I am investigating the question of allowances to non-official officers.

4. No. Even where the revenue of an allowance post office exceeds the expenditure, it does not follow the Department is making a profit on the business from which that revenue is derived.

5. The duties referred to are performed at allowance post offices, but, as the allowance is fixed according to the business done, the volume must be comparatively small at an office receiving 10s. per week. Such offices are supposed to be conducted in conjunction with a business from which the postmaster derives his livelihood, and which requires his attention during the hours the post office is open.

6. No.

7. See answer to 6.

8. The Department does not provide holiday relief. Provision in this respect was covered in framing the scale of payment.

9. No.

10. Yes.

DIARY OF SIR IAN HAMILTON.

Mr. MURDOCH.

Mr. MAHON asked the Prime Minister, *upon notice*—

1. Has he noticed the cable summary of the diary of General Sir Ian Hamilton at Gallipoli, in which it is insinuated that Mr. Murdoch, an Australian journalist, had violated the censorship rules, and which proceeds to make certain reflections on Mr. Murdoch?

2. Is Mr. Murdoch, in replying to Sir Ian Hamilton, correct in stating that he went to Gallipoli "as a representative of the Commonwealth Government"?

3. If so, (a) will he lay on the table a copy of the instructions given to Mr. Murdoch and of any reports received from him; (b) will he state the amount drawn by Mr. Murdoch as salary and expenses?

Mr. HUGHES.—The answers to the honorable member's questions are as follow:—

1. Yes.
2. I know nothing of this myself, but the Defence Department informs me that Mr. Murdoch was asked by the Minister for Defence to report on the following matters:—

1. Arrangements for the receipt and delivery of letters, papers, and parcels to and from members of the Australian Imperial Force.

2. Arrangements for the receipt and delivery of cablegrams to and from the members of the Australian Imperial Force.

3. Arrangements for notification to Department in Australia of disposition of wounded to hospitals.

4. To report on what measures are taken by the Anglo-Egyptian Bank and Thos. Cook and Sons to insure that remittances made through them to members of the Australian Imperial Force by persons in Australia are paid to the individual whom the sender intends to receive same, and not to some unauthorized person.

3. (a) Copy of correspondence in the matter with the Defence Department, including the instructions given to Mr. Murdoch and a copy of his subsequent report, is now laid on the table.

- (b) The only payment made to Mr. Murdoch by the Defence Department is a sum of £25 for expenses in connexion with the furnishing of his report.

PAPER.

The following paper was presented:—

Australian Imperial Force.—Correspondence with reference to the appointment of Mr. Keith Murdoch to report upon certain arrangements in connexion with the Australian Imperial Force in Egypt.

COMMITTEE OF PUBLIC ACCOUNTS BILL.

In Committee (Consideration of Governor-General's message):

Motion (by Mr. HUGHES) agreed to—

That it is expedient that an appropriation of revenue be made for the purposes of a Bill for an Act to amend the Committee of Public Accounts Act 1913, and for other purposes.

Resolution reported and adopted.

SECOND READING.

Mr. HUGHES (Bendigo—Prime Minister) [2.40].—I move—

That this Bill be now read a second time.

This measure is introduced primarily as a result of representations made by the Leader of the Opposition (Mr. Tudor) and the honorable member for Maranoa (Mr. James Page), who took exception to the proportion of members appointed to

the Public Accounts Committee from the Opposition benches. When that point was raised, I said that whilst I did not admit that the representation had not been accorded with due regard to the numerical strength of the various parties, yet, in view of the fact that in the last Parliament the Opposition had three representatives on the Committee, I would introduce a measure to amend the Act by providing for the appointment of an additional member from this House. This Bill so provides. In addition to that, the Bill incorporates a number of clauses taken from the Commonwealth Public Works Committee Act of 1913. To the best of my recollection, this measure repeats in substance the provisions of a Bill introduced by my predecessor, Mr. Fisher. By glancing through the Bill, honorable members will understand at once to what extent the scope of the Public Accounts Committee is being widened, and the reasons for that course. The measure does not provide for any extra remuneration being paid to members of the Committee. The Act makes provision for a Joint Committee of nine members, and certain duties are conferred upon them, and powers given them to take evidence on oath. This Bill increases the member to ten. Specific provision is made for the appointment of a chairman and vice-chairman, and a temporary chairman to preside in the absence of the other two. The same clause determines the manner in which questions before the Committee shall be decided. That clause is identical with the provision in the Public Works Committee Act. Clause 4 gives the Committee power to summon witnesses, and to compel the production of documents; and provision is made for the issue of a warrant for the arrest of any persons who refuse to appear in obedience to a summons. That is a very necessary power. There are also penalties for disobedience of a summons, or for preventing witnesses from giving evidence. As the Act is worded at present, though the Committee may take evidence on oath or affirmation, there is no power to compel the attendance of witnesses. This Bill gives that power, which, on the face of it, is very necessary. It prescribes also the form of oath or affirmation to be administered to witnesses, and provides for the punishment of persons refusing to be

sworn, or to give evidence after having been sworn. Generally, the Bill repeats all those sections in the Public Works Committee Act which the Legislature has enacted as a result of experience, and which, having been omitted from the Public Accounts Committee Act, impairs the efficiency of that body to a vital degree.

Mr. TUDOR (Yarra) [2.47].—The Bill not only increases the membership of the Committee from nine to ten, but gives statutory effect to what honorable members who have served on the Committee tell me is already the practice. This measure will give the Public Accounts Committee powers on all-fours with those enjoyed by the Public Works Committee. Honorable members who were in the House when these two Committees were first brought into existence, will recollect that the Public Accounts Committee was regarded as a body of secondary importance. I believe that it is equally as important as the Public Works Committee, and can do good work. I cordially support the measure.

Mr. WEST (East Sydney) [2.48].—This Bill is identical with a measure which was included amongst the “slaughtered innocents” at the end of a session during the *régime* of the Fisher Government. There is only one clause to which I take exception, and that is the provision giving the chairman a deliberative vote and a casting vote. In my opinion, that is neither democratic nor in accordance with parliamentary procedure. In this House, when there is a tie—either in the full House or in Committee—the question is resolved in the negative. If such a contingency arises in the Public Accounts Committee, the chairman will have authority to give a casting vote. A result arrived at by this means cannot be the decision of the Committee, it must be the decision of the chairman only. I hope that honorable members will agree to strike out that clause. I am satisfied that when honorable members view this question calmly and recognise that our object should be to secure a majority decision in every case, they will amend the clause in the direction I have indicated. When honorable members opposite meet in caucus to deal with great questions, such as that relating to the Oil Trust, their chairman has only a casting vote. The principle for which I

contend is a truly democratic one, and, provided that effect be given to it, I shall offer no opposition to the Bill.

Mr. GREGORY (Dampier) [2.51].—When speaking last night I suggested that it would be a very wise procedure to refer all taxation measures to a Committee of this House. I rise to suggest that it might be possible to insert in this Bill a clause enabling a sectional Committee of the Public Accounts Committee to act as a Committee to which finance measures might be referred, with power to take evidence in regard to them.

Sir JOSEPH COOK.—I think it would be better to raise that matter separately.

Mr. GREGORY.—I shall not press it, but I thought my suggestion might commend itself to the Ministry.

Question resolved in the affirmative.

Bill read a second time.

In Committee:

Clauses 1 and 2 agreed to.

Clause 3—

After section two of the principal Act the following sections are inserted:—

“2B. (1) All questions which arise in the Committee shall be decided by a majority of votes . . . and when the votes are equal the Chairman shall have a second or casting vote. . . .

Amendment (by **Mr. WEST**) proposed—

That the words “second or” be left out.

Sir JOSEPH COOK (Parramatta—Minister for the Navy) [2.56].—I hope that my honorable friend will not press this amendment. It would really place a disability on the honorable member elected as Chairman of the Committee. It is idle to blink the facts. This will be a Committee of equal numbers. One of the main objects of the Bill is to provide for the appointment of another member from the Opposition side of the House, in order to do away with what the Opposition regarded as a party anomaly. It ill becomes the honorable member to try to minimize the most vital objective of the Bill. In the case of this Committee, above all others, the full voting strength should be obtained, otherwise there is no reason for making the proposal contained in the Bill. In the circumstances, I hope my honorable friend will withdraw his amendment.

Mr. FOWLER (Perth) [2.58].—I would submit that the clause remain as printed. You, Mr. Fleming, as Temporary Chairman of Committees, have no part in our deliberations, and therefore do not exercise a deliberative vote. But the chairman of a Committee of this kind very properly takes part in its deliberations, and as a necessary consequence I think should exercise a deliberative vote. In the Committee to which the Bill refers, I may say, from my own experience, party predilections are very largely set aside when members proceed with their work. There is, therefore, no reason why the Chairman of the Committee should not exercise a vote which ordinarily might be of some little value to its deliberations. Hitherto the practice has been for the Chairman of a Committee of this kind to have a deliberative, and, if necessary, a casting vote. I submit that no justification has arisen for any change.

Mr. TUDOR (Yarra) [3.0].—It is true that protests were raised by myself and other honorable members on this side, in view of the fact that although our party is now more largely represented here than previously, our representation on this Committee was not so large as formerly; and the result is that this Bill seeks to rectify the anomaly. However that may be, I cannot conceive of a position arising, in the case of the Public Accounts Committee, when the casting vote of the chairman is likely to be exercised.

Mr. GREGORY.—It has occurred in the case of the Public Works Committee, and I think a casting vote is necessary.

Mr. TUDOR.—It may be necessary, and I ask the honorable member for East Sydney (Mr. West) not to press his amendment at the present time, in view of the fact that the Government have met us so fairly.

Mr. WEST (East Sydney) [3.1].—I am not complaining about any action on the part of the Government. I know that, in the past, Parliaments all over the world have done many things which they ought not to have done; and my object is to make Parliament a truly democratic institution, as nearly perfect as my abilities will permit. I have had a long experience of life and men, and it justifies me in giving no more privileges

than are absolutely necessary to any person. I feel that my view is the correct one, but I am afraid that my brother legislators have not reached that true ideal of Democracy that I have, and that I shall have to wait until they begin to understand what it is that the people really expect. I certainly have had some pleasure in ventilating my views this afternoon, and I am confident that the day will come when honorable members will appreciate the pearls of wisdom that have fallen from me. I ask leave to withdraw my amendment.

Amendment, by leave, withdrawn.

Clause agreed to.

Clauses 4 and 5 agreed to.

Clause 6 (Penalty for refusing to be sworn, &c.).

Mr. HECTOR LAMOND (Illawarra) [3.4].—This clause gives power to any member of the Committee to ask any question, and all the penalties in the Bill attach to the person who refuses to answer. I submit that that is an exceedingly dangerous power to place in the hands of any one man.

Sir JOSEPH COOK.—It is a usual power.

Mr. HECTOR LAMOND.—And it has been abused more than once. In the case of this Committee, which is one to inquire into the public accounts, and so forth, it seems to me that, if a member is unable to get a majority of the Committee to approve of a question he wishes to ask, he should not have the power proposed by the clause. The question should be asked with the approval of a majority, or be one relevant to the inquiry.

Mr. MAXWELL.—The clause gives the power only in the case of a witness refusing to answer "without just cause."

Mr. HECTOR LAMOND.—All the same, the proposed power appears to me most dangerous and unnecessary.

Clause agreed to.

Clauses 7 to 9 agreed to.

Schedule and title agreed to.

Bill reported without amendment; report adopted.

Standing Orders suspended.

THIRD READING.

Sir JOSEPH COOK (Parramatta—Minister for the Navy and Acting Treasurer) [3.7].—I move—

That the Bill be now read a third time.

I congratulate honorable members on the passage of this measure, because, I believe that, together with the Public Works Committee Act, it is capable, as the outcome of experience, of incalculable service in connexion with public works and the spending of public money. I am pleased to be associated with this Bill, and I shall always remember with satisfaction that I had the inestimable privilege of piloting the original measure through this Chamber.

Question resolved in the affirmative.
Bill read a third time.

SUPPLY BILL (No. 1) 1920-21.

APPOINTMENTS IN TAXATION DEPARTMENT—COMPULSORY MILITARY TRAINING—OLD-AGE AND INVALID PENSIONERS IN INSTITUTIONS—FEDERAL CAPITAL—POST AND TELEGRAPH DEPARTMENT: ALLOWANCE POST OFFICES—MORATORIUM—TRANSPORT OF FODDER: COMMONWEALTH STEAMERS—RENTS—RETURNED MUNITION WORKERS—LOANS—COTTON INDUSTRY—BUREAU OF SCIENCE AND INDUSTRY—TECHNICAL EDUCATION.

In Committee of Supply:

Motion (by Sir JOSEPH COOK) agreed to—

That there be granted to His Majesty for or towards defraying the services of the year 1920-21, a sum not exceeding £1,838,847.

Resolution reported.

Standing Orders suspended; resolution adopted.

Resolution of Ways and Means, covering resolution of Supply, adopted.

Ordered—

That Sir Joseph Cook and Mr. Wise do prepare and bring in a Bill to carry out the foregoing resolution.

Bill presented, and read a first time.

Sir JOSEPH COOK (Parramatta—Minister for the Navy and Acting Treasurer) [3.12].—I move—

That this Bill be now read a second time.

This is a Bill covering Supply for the first month of the new financial year. The House will probably meet early in the month, but not in sufficient time to make provision for the first payment falling due in July. There is nothing novel in the Bill, no new services are provided for; it simply includes provision for the ordinary ser-

vices for a full month, and for salaries payable on the 9th and 23rd July. Provision is made for:—Ordinary votes, £811,000; war services payable from revenue, £227,000; refunds to revenue, £50,000; Treasurer's Advance, £750,000. The Treasurer's Advance may seem a little large, but it is usual at the beginning of every financial year to vote a fairly large amount, because, out of the Treasurer's Advance, it is necessary to begin to spend money on new works and public buildings in process of construction. At the end of the financial year, as honorable members know, all revenue remaining unexpended is swept up into a trust account; and, as it is necessary to have money available almost immediately at the beginning of the new year, the Treasurer's Advance, which is a very handy fund for this purpose, is generally re-inforced by voting a large sum in the first Supply Bill of the year. The total amount appropriated for the current financial year is £21,186,000. One-twelfth of that amount is £1,755,000. In this Supply Bill, we are really taking £73,000 more than one-twelfth of the full expenditure for the year; but this slight excess is due to the amount which is included for refunds to revenue, and to an amount of £20,000 embraced in the Treasurer's Advance. Honorable members will see that this is merely a carry-on proposition for the first month of the new year, and I commend it to the House.

Mr. FENTON (Maribyrnong) [3.15].—

Last night the Acting Treasurer (Sir Joseph Cook) said that when introducing this Supply Bill he would give us some information in regard to the general Defence policy of the Government, more particularly with reference to certain points raised by honorable members. For instance, the honorable member for Dampier (Mr. Gregory) asked for information in regard to the purchase of plant for the Arsenal.

I understand that there are about twenty-nine vacancies in the Taxation Department which, owing to the war conditions, have remained unfilled; and that in regard to twenty-five of them there is no dispute as to who should fill them; and that fourteen out of these twenty-five officers are returned soldiers. Some of the men who have qualified to fill the positions were employed in the Treasury

prior to enlisting. Others are officers in the Public Service who have proved themselves fit to fill the posts. Now that the war is over, there can be no gain in delaying the filling of the vacancies.

Mr. BOWDEN.—Are the appointments necessary?

Mr. FENTON.—Yes; these men are practically doing the work now. Vacancies have occurred through various causes. Officers previously filling the positions may have received promotion, and the present applicants have proved their qualifications to be appointed to the vacancies by carrying on the work attached to the positions, and passing the necessary tests. Many heartburnings are caused by undue delay in filling vacancies. Soon after the war broke out, Mr. Andrew Fisher—the then Prime Minister—announced that during the war all promotions and appointments in the Public Service would cease; and now that the war is over, it is only right that vacancies should be filled. Delay only creates friction, and we all know that friction among a large number of employees is one of the worst possible things that can happen. On the other hand, a well-paid and contented Public Service is one of the greatest blessings any country could have. There is no need for further delay. Everything has been done to fill the positions except the issue of the necessary Orders in Council, and I hope that the Acting Treasurer will take the matter in hand and expedite it.

Mr. MAHONY (Dalley) [3.20].—The compulsory training of the youths of Australia is now being done chiefly on Saturday afternoons, and thus great hardship is inflicted upon them and their parents, because they are deprived of the only opportunity in the week for indulging in sport and other recreations, which would benefit them and the community. Every thoughtful person will admit that the development of the sporting instinct should be encouraged as much as possible. What stood our soldiers in such good stead during the war was the training they had received in the football field, between the cricket wickets, and in following sport generally. This made them alert, mentally and physically, and enabled them to worthily play their part in the conflict. The object of training our youths is to build up a citizen army for the defence of Australia. But those

who have most at stake in this community are the employers and the wealthy classes, and, therefore, they should bear the burden of this training, that is to say, the trainees should be trained on working days, during time that now belongs to their employers. They should not be called on to give up the few hours they have for recreation each week in order that they may be fitted to fight for the moneyed interests of Australia.

Mr. AUSTIN CHAPMAN.—Is that all that they are being trained for?

Mr. MAHONY.—That is one of the reasons why they are being trained. Then, again, as the honorable member for Nepean (Mr. Bowden) has remarked, they are compelled to pay fares on the trams or trains which they have to use to get to the training ground. This is a great injustice to their parents, who, for the most part, in these days, when the cost of living is so high, find it difficult to meet their ordinary obligations.

Mr. HECTOR LAMOND.—And we are now compelling them to provide boots and clothing.

Mr. MAHONY.—Yes. Parliament should tell the Defence Department that, if these boys are to be compulsorily trained, they must be provided with clothing and all necessary equipment at the expense of the Government, and must be given a free pass for train and tram, to enable them to attend drill without expense. Furthermore, as I have said, the drills should be held during working hours, in time that now belongs to the employers. But I would draw the attention of honorable members to the fact that the war has shown that with the material we have in Australia soldiers can be made in next to no time; that, given men of a certain physique and a certain standard of intelligence, you can, without months and years of the drudgery of drill, very quickly manufacture efficient soldiers. Men who before enlisting had not had a moment's military training became, within a few months, the best soldiers in the world.

Mr. MAXWELL.—That may be all very well in a protracted war, but suppose that we required soldiers at once?

Mr. MAHONY.—The war has provided Australia with hundreds of thousands of trained soldiers, who have got

their experience, not in the barrack square, but on the actual field of battle, and they are ready to respond at a moment's notice should Australia be attacked by a hostile power. From the defence point of view, the compulsory military training of our youths is a waste of money, and hundreds of thousands of pounds could be saved were it given up. I recommend that suggestion to the consideration of the honorable member for Fawcner (Mr. Maxwell). Under our present system, military training ceases just when a lad has passed into manhood, and has gained the discretion and dash necessary to make him an effective soldier.

Mr. BOWDEN.—A good deal of it is only physical drill.

Mr. MAHONY.—I have roared with laughter to see a man dressed in a tinselled uniform, barking orders in a loud, barrack-square voice at a crowd of children.

Mr. MAXWELL.—Does the honorable member propose to leave to the men who have already done so much for Australia any future fighting that may have to be done?

Mr. MAHONY.—Not at all. I strongly opposed the application to this country of conscription for service overseas. If Australia were attacked, every man capable of bearing arms would immediately respond to the call to defend the country.

Mr. FLEMING.—But the honorable member objects to making our men capable of bearing arms.

Mr. MAHONY.—The training that I am criticising does not make them capable. This "left turn, quick march," business was discarded by experts years ago.

Mr. FLEMING.—During the war the men who had had previous military training had a big pull over those without it.

Mr. AUSTIN CHAPMAN.—Of course.

Mr. MAHONY.—Nothing of the sort. Those who covered themselves with glory, winning Victoria Crosses and other decorations, were men who before the war had had not a moment's military training. The present system is farcical, and a reckless waste of public money, and it is for those who pride themselves on being custodians of the public purse

to economize to the extent of hundreds of thousands of pounds by stopping it.

I wish to tell the Minister for the Navy (Sir Joseph Cook) of what is happening on board the vessels which he controls. Next week certain functions are to take place in Melbourne—

Mr. AUSTIN CHAPMAN.—Everything is to take place here; there is to be nothing in Sydney.

Mr. MAHONY.—The Fleet is coming to Port Phillip to take part in the reception of the Prince of Wales, and the *Australia*, after leaving Sydney, went into Jervis Bay, and spent eight hours there, while the blue-jackets were being taught how to shout, "Hip, hip, Hurrah!" All hands were piped on deck, and a signaller was stationed with a flag in his hand. When he raised it above his head that was the signal for attention; then, as the flag was lowered the men were required to shout, "Hip!" The flag was raised again, and they repeated the "Hip!" Then it was whirled round and they shouted "Hurrah." They are not allowed to say the good Australian "Hooray." It must be "Hip! Hip! Hurrah." I object to useless waste of money and time in teaching men that sort of thing. This instance must indicate to the Minister that there is a good deal of scope for the exercise of economy in connexion with the administration of the Navy.

I desire the Postmaster-General (Mr. Wise) to realize that there are other places in Australia than Melbourne.

Mr. TUDOR.—I am certain Sydney is not Australia.

Mr. MAHONY.—No; but it is a more important part of Australia than any other place I know of. I invite the Postmaster-General to go to Sydney, and personally investigate the deplorable condition of affairs in that city. It is useless for him to sit in Melbourne and think that he can know all about the administration of the Department in other States. He must travel. In my own district there are many matters which are crying aloud for attention. The demands for telephones, and the apparent incapacity of the Department to provide them, are alarming. I believe that if the Postmaster-General went to Sydney and enjoyed the balmy atmosphere, and occasional trips on the harbour, he would be a far better man; he would take a

broader view, and administer his Department much better. There is need for additional post-office accommodation in many parts about Sydney, but the Deputy Postmaster-General says that he has no authority in these matters, and that Ministerial authority must be obtained. And when one interviews the Minister he finds that that gentleman knows nothing about the locality, and has to write to Sydney to get a report.

Mr. JOWETT.—When we had a New South Wales Postmaster-General the honorable member was not satisfied.

Mr. MAHONY.—He was more a poet than a Minister. The present occupant has not yet indulged—at any rate, not publicly—in flights of poetic fancy. We have at least in Sydney a public press that realizes that Melbourne is not Australia, and that the Federal Capital ought to be at Canberra. If we could convert the *Age* or the *Argus* to the same point of view, we should be conferring a benefit upon Australia as a whole. I direct the attention of the Postmaster-General to the crying need of a new post-office at East Balmain. It is a big industrial centre, but it has only a little dog-kennel office in which all postal business and pension payments are transacted. The revenue obtained from that little dog kennel compares more than favorably with that obtained in other centres, but the thousands of pounds contributed to the Treasury by the ill-ventilated and dingy office at East Balmain is utilized for the erection of palatial offices in Victoria.

Mr. BELL.—What about the country facilities?

Mr. HECTOR LAMOND.—We do not call them facilities in New South Wales.

Mr. MAHONY.—I am now dealing with the requirements of my own district.

Mr. AUSTIN CHAPMAN.—The honorable member may get a dog kennel in the metropolitan districts, but we get only a mouse-trap in the country.

Mr. MAHONY.—The honorable member is quite capable of seeing that his electorate gets a fair deal. Hundreds of people in a congested industrial area are calling out in vain for telephonic communication. Hundreds of doctors, nurses, and other professional people are waiting to be connected with the telephone service.

Mr. AUSTIN CHAPMAN.—Their outcry is nothing compared with that of those who have the telephone.

Mr. MAHONY.—I was about to say that not only those who are unable to obtain telephones, but also those who are connected with the system, have a grievance against the Department—the latter because they are unable to get a satisfactory service. I believe that if the Minister came to Sydney and investigated these matters personally, the Postal Department in New South Wales would be better administered. Any business from which the principal is continually absent must suffer.

Mr. AUSTIN CHAPMAN.—The Postmaster-General is too pious to encourage profane language by installing new telephones.

Mr. MAHONY.—I was told the other day that the profane language which is supposed to be used in Sydney to-day by users of the telephone is very mild compared with that which was used when the honorable member for Eden-Monaro was Postmaster-General. The present Minister may at least take credit for the fact that conditions in that respect are better than they were then. I feel sure that the Minister will take my advice to heart, and at the earliest opportunity visit Sydney in order to see that justice is done to the people who are dealing with the Department.

It is high time that some action was taken by this Parliament to establish the Federal Capital at Canberra. We heard some talk the other day about honouring contracts that had been entered into. Honorable members have an opportunity of showing that they are prepared to honour the contract that was made between the people of Australia, on the one part, and the people of New South Wales on the other, that the Federal Capital should be established at Canberra. To-day, after twenty years of Federation, Melbourne is still the Seat of Government, and the establishment of the Federal Capital at Canberra is as far off as ever. There has been a clear breach of faith, and also, I would remind the honorable member for Franklin (Mr. McWilliams), a breach of the contract entered into with the people of New South Wales. Those who believe that the terms of a compact solemnly entered into should be

carried out ought to demand that immediate steps be taken to bring the Capital City into being at Canberra.

Mr. JOWETT.—Why not make Sydney the Federal Capital?

Mr. MAHONY.—Because the contract was that the Capital should be in New South Wales, and not within 100 miles of Sydney. The honorable member's suggestion is a mere device to lure the bird off the bush. The moment we departed from the contract for the establishment of the Capital at Canberra, we should have Melbourne declared, in the Constitution, to be the Seat of Government for all time. If the Government are not ready to honour this contract, then honorable members must shoulder the responsibility. Honorable members, and especially those who represent New South Wales, should be ready to say to the Government, "Unless you honour this contract, you must go out of office."

In conclusion, I hope that the Defence Department will avail itself of the opportunity to save hundreds of thousands of pounds per annum by abolishing the compulsory military training of the youth of the country. I hope, also, that the Postmaster-General will accept the invitation I have extended to him to visit Sydney in order to deal with matters affecting his Department in New South Wales. Finally, if the Government are not prepared to hearken to the cry of the people of New South Wales for the establishment of the Capital at Canberra, I hope that the House will tell them plainly that they must make room for a Government that will honour the compact.

Mr. TUDOR (Yarra) [3.54].—There are several matters which I desire to discuss, including one to which reference was made a few evenings ago by the honorable member for Illawarra (Mr. Lamond) and the honorable member for Nepean (Mr. Bowden). In the schedule to the Bill there appears under "The Department of the Treasury" the item—

Maintenance of persons admitted to charitable institutions and hospitals in accordance with provisions of Invalid and Old-age Pensions Acts, £4,500.

This is the provision to be made in respect of one month's supply, so that it would appear that we are paying something like £54,000 per annum to these institutions for the maintenance of invalid and old-age pensioners.

Mr. HECTOR LAMOND.—We are practically maintaining these State institutions.

Mr. TUDOR.—That is so. We have a right to give to the old people who would be pensioners even if they were not inmates of these institutions, the 2s. per week which is allowed them for the purchase of comforts, but the States themselves have a responsibility in the matter. This £54,000 per annum is handed over to the States, and we are thus paying largely for the upkeep of institutions over the management of which we have no control. We should not say to these old people, "You must come out of these institutions in order to become eligible for a pension." I would be in favour of treating all persons alike, but I do not believe that, in order to give these inmates of charitable institutions 2s. a week to provide them with comforts, we should have to make ourselves liable for an additional 13s. per head per week to the States. The great majority of honorable members recognise that 15s. a week does not go very far with old-age pensioners who are not inmates of charitable institutions, and if there is to be any alteration, it is more likely to be in the direction of an increase than a decrease.

Mr. BOWDEN.—Nurses of these institutions in New South Wales are charged 15s. a week for their accommodation, and 13s. per week is being demanded for the accommodation of the old people.

Mr. TUDOR.—I am surprised to hear that. I would prefer the accommodation set apart for the nurses rather than that provided for the old people. I do not wish, however, to say one word against the management of these institutions. They do their very best with the money available. Honorable members will recognise that every increase made in our invalid and old-age pensions has meant an increased allowance to these institutions, and it seems to me that since we make this allowance to them we should have a voice in their management.

Mr. GREGORY.—No, because we do not send the old people into them.

Mr. TUDOR.—Many old people go into charitable institutions after being granted their pensions, and we allow the management to deduct 13s. out of the 15s. per week allotted to them. The honorable member for East Sydney (Mr. West) stated recently that inmates who had friends outside leave these institutions for a fortnight or a month, in order to become eligible for the pension, and

that immediately it is allotted to them they return and draw the 2s. per week allowed them for comforts.

Mr. BOWDEN.—That is frequently done.

Mr. TUDOR.—The honorable member for Illawarra also referred to that practice.

Mr. WEST.—I know of a man who left one of these institutions and slept on newspapers in the Domain for a fortnight in order that he might become eligible for a pension. While he remained an inmate, he was not eligible.

Mr. TUDOR.—That is a scandal. We ought to make better provision for these poor people.

Mr. HECTOR LAMOND.—Pensioners who are inmates should now be receiving at least 3s. per week to provide them with comforts.

Mr. TUDOR.—Undoubtedly. I do not know whether this question will be discussed at the Conference of State Premiers to be held shortly, but there is much, from the point of view of the Commonwealth, that might be said in regard to it.

In another part of the schedule, under the heading of "Department of Trade and Customs," we find the following item:—

Commonwealth Institute of Science and Industry (including expenses of Advisory Council pending establishment of permanent Institute), salaries, contingencies, £1,170.

This has been for some time a recurring item. It is not long since we passed £30,000 for the purpose of the Institute. The Prime Minister (Mr. Hughes) recently stated that he desired to dispose of the Institute of Science and Industry Bill before we adjourned in connexion with the approaching visit of the Prince of Wales. We should either abolish the Institute altogether, or place it on a permanent basis. There should be co-operation between the Commonwealth and the States in order that there may be no unnecessary expenditure. We ought certainly to co-operate with the States to the extent to which they are doing work likely to come within the scope of the Institute. We should make use of the Commonwealth laboratories to supplement the work of the State agencies rather than set in operation a big institute which will try to take over the whole of the work now being done by the States.

The honorable member for Franklin (Mr. McWilliams) stated last night that

he intended, in connexion with this Bill, to propose a reduction of an item as an instruction to the Government to continue the operation of the moratorium regulations. I think we all approve of the protection which those regulations afford to returned soldiers and their dependants in the matter of rentals. The moratorium in this respect, however, has proved a double-edged weapon. Landlords in many instances have refused to let houses to returned soldiers or their dependants. When many of us complained of the way in which dependants of soldiers had been treated, we were successful in a number of instances in securing a reduction of rents, and in others we prevented any increase being made. In some cases, dependants of soldiers have been invited by their landlords to move as soon as possible. I have received the following letter from a returned soldier:—

The information I require to know—are the landlords allowed to raise the rents on a returned soldier. I will not be discharged twelve months until August, and my rent has risen 5s. a week during the last two months. Have I got any redress? If so, you will be doing me a service, also others, if you would let me know.

I have written to the Attorney-General's Department to ascertain whether this man has any redress. However, it is not only returned soldiers that heavy rents are affecting. Last week the honorable member for Melbourne (Dr. Maloney) instanced a case of the proprietors of one of the oldest business establishments in Melbourne having their rent enormously increased; and I, myself, have received the following letter addressed from one of the business streets in the metropolitan area:—

I wish to bring under your notice the profiteers that are in our midst.

The facts are: I being knocked out with mining, and being unable to do any for a long while, and having a young family, I started doing light work, and the wife going out to work. We saved up a little money, and started business in Ballarat in a small way, which we thought we would sell out and come to Melbourne. We bought a business in Chapel-street, South Yarra—confectionery and tea rooms. We had nine months of the lease to run, which expires at the end of June.

The property which consists of five shops, the late owners being the Colonial Life Insurance, the present owners The rent we paid was £2 10s. per week. They notified three of us tenants, whose leases expire, that we would have to pay £5 per week—100 per cent. of a rise.

Now, don't you think they are profiteers of the worst type? I may state that we have to face the winter; and, confectionery being so high, it would take us all we knew to make anything during the winter months. We have been compelled to give up our side line—cigarettes and tobacco—which meant a great loss with us.

I would esteem it a great favour if you would bring this before the House. I was well-known in Ballarat.

It may be said that these increased rents are made necessary by increased rates; but in the case I have just mentioned the rates cannot amount to more than 2s. or 2s. 3d. in the £1, with an increase of 3d. I suppose that 8,000 out of the 9,000 houses in my own electorate have been erected for twenty-five years; and yet, when any tenant leaves, the opportunity is taken to increase the rent. The Government will, perhaps, tell us that owing to constitutional limitations it is impossible for us to do anything in the matter; but I suggest that they might co-operate with the State Governments with a view to simultaneous action throughout the Commonwealth. With the ever increasing cost of living it is impossible for people to make ends meet. There is a fear on the part of some honorable members that, owing to the way things are going, there may be a crash sooner or later, and everything we can do to avoid such a calamity should be done in the interests of Australia. This matter requires the earnest consideration not only of this Parliament, but of all the State Parliaments.

I should now like to draw attention to a complaint by returned soldiers who are temporarily employed in the Post and Telegraph Department. The communication regarding them is as follows:—

I would like to state a few grievances against the Postmaster-General's Department regarding the treatment meted out to the temporary soldiers in the Department. A fair number are employed as letter-carriers. Some of these have bicycle rounds, which are extremely awkward in wet weather. A few have capes, but the big majority have none. That means getting wet through whenever it rains. The Department shows no consideration at all as far as this is concerned. These men had hard times on the other side—that's not to say they have to have them here. A little consideration goes a long way. Why is there so much consideration shown a permanent man? He is allowed two uniforms a year. The temporary soldier has to find all his; while there is a vast difference in the wages, by pay day, which is in the permanent man's favour. We ask that no morning deliveries of letters extend to later than 10 a.m.; majority out this way 11 a.m. and 12 noon.

The hours of delivery are a matter for the Department, but I ask the Postmaster-General to consider whether something cannot be done for these returned men. Honorable members who were in the first Parliament will remember how, in those days, I urged that all postal employees should be treated alike in the matter of clothing and so forth. Even if a man is temporarily employed he requires a great coat or cape just as much as does the permanent employee.

With other honorable members I met a deputation last week of returned munition workers who feel that they have a grievance against the Department which sent them away. They say—

We would point out that this body of men who have fulfilled their agreements, and with the highest satisfaction to the Commonwealth and Imperial Government, have returned to Australia in a much worse financial position than before leaving for work overseas.

We consider that the facts relating to our services and sacrifices are not available to the honorable members of the House.

We earnestly plead that you will consent to the appointment of commission of inquiry, which will enable us to justify our claims for consideration, and vindicate the false impression prevalent in the minds of the community at large that munition and war workers improved their position through their services abroad.

In the camps in Australia were found enlisted men who were engineers, and directly this was ascertained, they were withdrawn and sent oversea, or set to work here as munition workers. Those men are as much entitled to fair consideration as any other soldier. Many enlisted in the Australian Imperial Force, and it was not their fault they did not go to the Front with the troops. If honorable members are under a wrong impression regarding the conditions that applied to these men, their case should have fair consideration, and I have been on at least five deputations to the then Assistant Minister for Defence (Senator Russell), the Minister for Repatriation (Senator Millen), and others regarding them. They were allowed a certain amount of money for the voyage, and their wives and dependants were also made an allowance; but this allowance lasted for only eight weeks, whereas in some cases the voyage lasted up to sixteen weeks. I believe, however, that something has been done by the Defence Department to allay the dissatisfaction in this regard. As I stated

before, the skilled worker did not earn so much as the unskilled worker in munition making, for the reason that the unskilled worker was on a machine which turned out hundreds or thousands of articles, whereas the skilled man was employed making the tools and dies, and he was not, like the unskilled man, paid by piece-work. I also believe that there is differential treatment in some of the States, some of the men coming within the land settlement schemes, while in other States they do not. I do not know which Department has control of this matter; but we have no right to throw these men aside after the services they have rendered. They are just as much entitled to fair treatment as the larger number which went to the front.

Mr. FLEMING.—You do not suggest that they should have the same treatment?

Mr. TUDOR.—I never said so. I know of an Australian munition worker who, when proceeding from his work to his home in Camberwell, London, was killed in consequence of an accident to the bus on which he was riding.

Mr. FLEMING.—That could happen here.

Mr. TUDOR.—But his wife, who lives here, was given absolutely nothing, not even workers' compensation, on the ground that he was not at work when he was killed. Another case—in which, however, some redress has been given—is that of a man who contracted pneumonia, or some other disease, on the voyage, and was sent back to Australia without a penny, his wages being stopped during his illness. There are many little grievances of that nature, and it is the "pin-pricks" that count.

As to the Bill itself, I realize that if we are to adjourn, it is advisable to have Supply for at least one month; but I trust that before another Supply Bill is introduced we shall have the Budget delivered, and an opportunity afforded for a full and free discussion of the Estimates. It is most desirable that the prevailing practice of passing the Estimates in whole Departments, involving millions of money, without discussion, should not be continued.

Sir GRANVILLE RYRIE (North Sydney—Assistant Minister for Defence) [4.15].—I should like to say a few words

in reference to the remarks of the honorable member for Dalley (Mr. Mahony). Of course, this is the old story of interference by the "prentice hand"; the honorable member knows nothing about military matters, or he would not, I fancy, have said what he did about military training. We have had compulsory training in this country for a good many years.

Mr. CONSIDINE.—It is a very rotten system!

Sir GRANVILLE RYRIE.—If so, the honorable member should blame his own party, because they have been insistent on their claim that it was they who originated the system.

Mr. CONSIDINE.—I am quite aware of that.

Sir GRANVILLE RYRIE.—Then find fault with your own people.

Mr. CONSIDINE.—I find fault with the manner in which the compulsory training is administered.

Sir GRANVILLE RYRIE.—In my opinion, it is absolutely ridiculous to say that there should be no training. The honorable member for Dalley (Mr. Mahony) urges that Australian men can fight just as well without any training—that they are the best fighting men in the world, and do not require training before going into the firing line. I am prepared to admit that there are thousands of splendid men in Australia, who have not had one moment's training, but who, if put into the firing line with a rifle, would be just as effective as other men who have had twenty years' training. At the same time, these men have to be got into the firing line; it is not a mere matter of "right turn" and "left turn," of which the honorable member spoke so much; there is the matter of discipline generally, and the "interior economy," as we call it, of those bodies.

Mr. MAHONY.—How long would it take to give the necessary tuition?

Sir GRANVILLE RYRIE.—A good deal depends on the men themselves. I admit that, in my opinion, it takes a much shorter period to train the average Australian than it does to train any other men in the world.

Mr. TUDOR.—I think the Americans would be just as good.

Sir GRANVILLE RYRIE.—I do not say anything about the Americans.

Mr. MAHONY.—Will the Minister indicate what would be the average time required to train a man and fit him for the trenches?

Sir GRANVILLE RYRIE.—It is impossible to say, broadly, how long, for the reason that it depends on how many trained and experienced men there are amongst those whom the recruit joins when he goes into the field. There is always a sprinkling of trained and experienced officers and non-commissioned officers already in the units. But if we were to take 10,000 men who had never heard a word of command, nor had any training—I include all the officers, non-commissioned officers, and men in that number—it would be years before we could evolve a decent force, no matter how intelligent they were. It takes years to make commissioned and non-commissioned officers fit to carry out operations successfully.

Mr. MAHONY.—Are we making commissioned and non-commissioned officers out of compulsory trainees?

Sir GRANVILLE RYRIE.—The graduates at the Duntroon College are boys who have come from all classes of society. They secure their positions at the college as the result of competitive examination, and when they leave they are supposed to be competent to train the young men of Australia. The honorable member for Eden-Monaro (Mr. Austin Chapman), who spoke about the college yesterday, will bear me out that it is not an institution merely for the sons of the rich. Boys are admitted there as the result of competitive examination and fitness. The honorable member for Eden-Monaro has reason to be proud of his two boys who have graduated from Duntroon.

Mr. MAHONY.—The purpose of the college is to fit men who decide to make a life-long profession of military work.

Sir GRANVILLE RYRIE.—It is absolutely necessary that we should have men who make this work their profession; otherwise we should not have competent instructors or officers to train men to take the field. When I first took up military work, I went into camp with some volunteers who were raised in the country. The whole regiment went into camp, and the men knew practically nothing about dis-

cipline or military work. As a consequence, it was perfectly amazing to hear the noise in that camp, with the shouting of orders and men calling out "Sergeant This" and "Sergeant That." I was acting in command of a brigade, and men used to come to me complaining that they had not received any sugar; others had received a double ration of bread and no tea. There was endless confusion. No one knew what had to be done. The life was worried out of the old instructors. And we had very good instructors; if it had not been for them there would have been pandemonium. However, after successive years in camp, things got very much better. Each annual camp showed an improvement. I wish to show the value of training. When we were in the field we often received an order to be ready in two hours to shift camp to some other spot. That meant shifting all transport, ambulance, guns, &c., but absolutely no noise was heard. All orders went out through the proper channels—in the first instance from myself to the brigademajor, and from him to the staff-captain and quartermasters. The men would move out of camp without the slightest noise and take up their new position, and in a few minutes they would settle down as if they had been there for weeks. It is absolutely impossible to carry out such a movement with untrained men and without discipline. If this condition applies to a couple of thousand men, in the case of 60,000 or 100,000 men absolutely untrained themselves, and without experienced men among them, it would be a rabble, and if it were necessary for such a force to defend the country from an attack or to go anywhere else to fight it would only be to court disaster.

Mr. MAHONY.—Why did not all that happen during the last war?

Sir GRANVILLE RYRIE.—Every man who went to the war was trained to a certain extent.

Mr. MAHONY.—For how long?

Sir GRANVILLE RYRIE.—The First Division of the Australian Imperial Force was trained for months before going away, and in Egypt it was taken to Mena Camp and trained for months again before proceeding to Gallipoli.

Mr. MAHONY.—For months, but not for years.

Sir GRANVILLE RYRIE.—The honorable member is not fair in his criticism. These men were not absolutely on their own as untrained men. All the time there was among them a sprinkling of thoroughly trained soldiers, and the instructors were competent instructors. If the honorable member proposes to abolish all compulsory training in Australia—he says that all this “Right” and “Left” business and the shouting of orders is rubbish—he will soon find that all the men who have received some training have disappeared, and that there are no competent instructors alive. The only men available to defend Australia will be green men. No one will know anything about military work. It is absolutely ridiculous to think that we can put men into the field to fight under those conditions.

Mr. MAHONY.—The Minister is side-stepping the question.

Sir GRANVILLE RYRIE.—No. It is not so much a question of “Right” and “Left” training. That is certainly part of the drill, but every nation in the world applies practically the same kind of training which we adopt in Australia. I am surprised that any honorable member should say that a scheme which has been productive of so much good, the very excellent system brought into force under the auspices of the greatest soldier that the nation has seen, Lord Kitchener, is not a good one. Apparently honorable members opposite are going back on what they claimed some years ago, when they urged that they were instrumental in introducing this system, and that it was productive of a great amount of good. Apart altogether from the military aspect, I think compulsory training has been productive of the very greatest amount of good among the youth of Australia. Some years ago there were in Sydney what were known as the Rocks push and the Woolloomoolloo push, a lot of larrikins who had formed themselves into pushes and proved a menace to the community, but a year or two after the introduction of compulsory training they were as fine a lot of lads as one could wish to see. I attended a dinner at the invitation of non-commissioned officers from the area known as the Rocks, and I was amazed at the splendid type of young fellows I saw. I was assured by several

people that in the same area previously there had been nothing but a little mob of larrikins, yet after a couple of years of military training they were as keen as mustard on their work. Of course, a great deal depends upon the area officer. They had the services of one who used to encourage them by all sorts of games and competitions. As a matter of fact, they were able to win a big competition. Compulsory training is thus serving a useful purpose among the youth of Australia, and we must continue it unless we are to rely on the men who have been to the war, and have returned. Otherwise we shall have no force here to defend Australia if circumstances arise in which we are called upon to fight a foreign enemy. Who is to say that we shall not be obliged to do so?

Mr. MAHONY.—Does the Minister think that these boys will be able to defend Australia?

Sir GRANVILLE RYRIE.—Is the honorable member foolish enough to imagine that a boy always remains a boy? The time to impart instruction to a man is when he is a boy. Some people hold that it is no longer necessary for Australia to have an effective military force, but I maintain that it is absolutely necessary for us to do everything in our power and within reason to maintain such an effective military force.

Mr. FENTON.—What does the Minister mean by an effective military force?

Sir GRANVILLE RYRIE.—I cannot say what may be termed an effective military force for Australia, because we do not know what is in front of us. It may be necessary for us to fight. We are anxious to avoid reference to international matters, but, as the honorable member for Maribyrnong (Mr. Fenton) knows, there may be a menace not very far away, and it would be a terrible thing if Australia were attacked by a foreign enemy and we were not able to put up some sort of defence through ceasing to maintain as effective a military force as possible.

Some people would lean on the League of Nations, saying that there is no further need for maintaining a military force and that expenditure on defence is useless. I am in favour of the League of Nations. I believe it may be productive of a great deal of good, and I

would give it a trial, but I would not depend on it. I do not believe it will prevent the resort to force between nations.

Mr. CONSIDINE.—It will probably cause a resort to force between nations.

Sir GRANVILLE RYRIE.—I do not know about that; but some years ago legislation was passed in the State Parliaments and in the Federal Parliament for the settlement of industrial disputes—for the prevention of a resort to force by employers and employees. It was even made compulsory that all disputes should be taken to the tribunals which were created under this legislation, and it was said that there could not be any further strikes, because all disputes were by force of law to be taken to the Arbitration Court and dealt with. The facts, however, are that after the introduction of this legislation for the creation of these tribunals there were in a given time 100 per cent. more strikes than had occurred before. If that legislation could not prevent a resort to force between employer and employee, I do not believe the League of Nations—which, in my opinion, is nothing more than a big Arbitration Court to prevent a resort to force between nations—will achieve the desired result. It is foolish to say that all compulsory training is so much rubbish, and is unnecessary, and that men can fight just as well without training. I admit that the untrained man is just as brave as the trained man; and if he can shoot at all is just as good a man with the rifle as the trained man when you get him into the line; but there are the matters of discipline, interior economy, and mobility to be considered. Try to move 10,000 men previously untrained from one spot to another, with all their transport, guns, and ambulances, and they would develop into an absolute rabble—they could not be effectively moved. And what applies to 10,000 men applies tenfold to 100,000 men. We must have discipline and organization, and we must have men properly trained. It is also essential to maintain the fighting spirit in Australia. I do not believe in the militarism that obtained in Germany or, at all events, Prussia; but it is well that there should be engendered in the youth of Australia and

kept alive in the people generally that spirit which will tend towards our effective defence if ever we should be attacked by a foreign foe. There are amongst us those who are and have been pacifists, and there are those who say, now that the war is over, "Poor Germany; let her up." If I had my way there would be no letting up. On one occasion at the Front one of our Billjims was having a go with a Tommy. After a good rough-and-tumble, the Australian got his opponent down, and then our fellows, with their usual sense of fairness, shouted, "Let him up." "Not much," said the Australian, "I had a hell of a job to get him down." So I say of the Germans; they are down now, and I would keep them down until they show contrition, and make reparation. If I had knocked a man down and out in a fair fight, I would be the first to offer to shake hands with him. But if I had fought a wild beast and got my foot on his neck, should I let him up to tear the vitals out of some one else? No; I would keep him down, and absolutely destroy him. Let honorable members mark my words. Germany is only watching and waiting for the day when she can revenge herself. Every shilling she can put aside for the purpose will be so used, though she may have to wait fifty or a hundred years for her opportunity. It behoves us, therefore, to see that our military strength shall not dwindle away to nothing, and that we shall remain a virile nation. If we abolish compulsory military training, the day may come when we shall rue it, finding ourselves, as a people, absolutely undone for lack of defence.

Mr. CONSIDINE (Barrier) [4.38].—I do not wonder, having heard his sentiments, that the Minister representing the Minister for Defence has little faith in the League of Nations. I have not much faith in it myself as a means of preventing war. But if the Governments of the nations of the world are actuated by views such as he has expressed, wars will never be abolished, and if the spirit that he wishes to inculcate is breathed into the Australian youths, this country will not wait for some one to attack it, it will look for a fight. The Minister told us that he was wholly opposed to what he termed the Prussian brand of militarism. But I

shall show him that the compulsory training system is applying the Prussian system to the youths of Australia. Under our Defence Act there is, and has been for a considerable time, a continuous persecution of lads in different parts of Australia. I have brought instances of this under the notice of members on two or three occasions, and I have now been again requested by the fathers of some of the lads in Broken Hill to mention it once more. Those who are protesting against the treatment which has been meted out to youngsters in that city are not my supporters, nor are they sympathetic with my views, as I shall presently show. The Minister will not contend that the officer at Broken Hill is quite the saint that he pictured the Sydney Rocks area officer to be. This is a report appearing in the *Barrier Miner*—a newspaper whose views are not generally in harmony with my own—on the 26th March last—

In the Police Court to-day, before Mr. W. Le Brun Brown, S.M., a number of trainees were prosecuted by Lieutenant D. C. Jacob for breaches of the Defence Act.

Clement George Huckell pleaded guilty to a charge of having disobeyed an order while on parade on 17th March.

Lieutenant Jacob said that the defendant was cautioned about speaking in the ranks. He refused to stop when spoken to. There were four previous convictions against the defendant.

Defendant was fined 60s., and ordered to pay 3s. costs, or undergo fifteen days' detention.

The same defendant was further charged with failing to wear his uniform while on parade on 17th March. Defendant pleaded guilty.

The father of the lad shows in a letter that he has written that for about eighteen months his son had had no uniform supplied to him, although repeated applications had been made to the Department for one. On this occasion the lad had overslept himself, and grabbed the first clothes available before rushing to attend drill. The report continues—

Lieutenant Jacob said the defendant was issued with a full equipment on October, 1919.

The defendant said that there were about a dozen boys on parade without uniforms, and that he was the only one summoned.

The magistrate said that was nothing to do with him, but told the defendant that he could report the matter to the military headquarters. A fine of 10s., with 3s. costs, or detention for seven days, was ordered.

Aubrey Keith Erickson pleaded guilty to a charge of having disobeyed an order while on parade on 17th March.

Mr. Considine.

Lieutenant Jacob said that the defendant with Huckell refused to stop talking when told to do so by an officer. There were no previous convictions against the defendant.

Defendant was fined 20s., and ordered to pay 3s. costs, or undergo seven days' detention.

Samuel Townsend pleaded guilty to a charge that on 13th February he did not return to custody when instructed.

Lieutenant Jacob said that on 13th February the defendant was sentenced to fourteen days' detention. He was released temporarily, but failed to return. There were three previous convictions against the defendant. Defendant was fined 40s., and ordered to pay 3s. costs, or undergo ten days' detention.

Harold Robert Williams pleaded guilty to a charge of having failed to attend a compulsory parade on 17th March.

Lieutenant Jacob said that the defendant had missed five compulsory parades and had been previously convicted for insolence and for having made use of indecent language. Defendant was ordered fourteen days' detention, with the payment of 3s. costs or an additional day's detention.

Williams was further charged with having failed to attend a compulsory parade on 21st February.

Lieutenant Jacob said that a sergeant-major while on the way to the parade ground told the defendant to go to the parade, but the defendant failed to put in an appearance.

The magistrate said that he did not think that it was part of the duty of a sergeant-major to tell trainees in the street that they had to go to parades.

Lieutenant Jacob: The fact remains that he did not go to drill.

The Magistrate: That is so; but I cannot take notice of the other facts. Defendant is ordered into custody for three days, and must pay 3s. costs or undergo an additional day's detention.

Ronald William Kilsby pleaded guilty to a charge of having failed to attend a compulsory parade on 17th March.

Lieutenant Jacob said the defendant had missed three compulsory parades.

Defendant was ordered seven days' detention and the payment of 3s. costs—in default, an additional day's detention.

Robert Samuel Robinson pleaded guilty to a charge of having failed to obey the lawful command of an officer on 17th March.

Lieutenant Jacob said the defendant was given an order three times and disobeyed the officer three times. There were three previous convictions. He asked the magistrate to order detention without the option of a fine. The defendant had always found money to pay the fine.

Defendant was fined 60s., and ordered to pay 3s. costs, or undergo detention for fifteen days.

On the application of Lieutenant Jacob five charges were withdrawn.

Two charges were heard in the Children's Court, the boys being under the age of sixteen.

This is the report of what took place in the Children's Court—

In the Children's Court to-day, before Mr. M. H. Cleeve, Acting S.M., a small boy appeared, charged on the information of Lieutenant D. C. Jacob, with having disobeyed a lawful command. The evidence for the prosecution was that the defendant repeatedly put his hand on his shoulder and refused to move it when spoken to. The defendant said that his clothing was loose, and that he had his hand up to keep a portion of the clothing in its place.

The magistrate dismissed the information, but cautioned the defendant.

Another defendant was charged with having attended late for parade. The defence was that the mother of the boy was ill, and he could not leave home earlier.

As a matter of fact, the boy had to look after his mother, who was ill, the father being away. For being late on parade he was called before the Children's Court by this Australian exponent of Prussianism—

The magistrate dismissed the prosecution, and told the boy to attend on time in future.

To show that the complaints against these prosecutions are coming from persons whose political and economic views differ from my own, and who are not anti-militarist, let me quote this letter.

Sir.—I notice by Friday's issue of the *Miner* that several lads have been prosecuted for "breaches of the Defence Act." May I have the opportunity of expressing my opinion in regard to these prosecutions, which are becoming all too frequent.

Case 1: "Disobeying an order" by "speaking in the ranks."—What a monstrous crime for which the military-made criminal (?) has to pay £3 3s. in hard cash or be detained in slavish subjugation to his prosecutors for fifteen days. Just fancy £3 3s. in these hard times for the privilege of using one's own tongue for the purpose it was intended.

Case 2 (same defendant): Charged with failing to wear his uniform while on parade.—Fined 10s., costs 3s., or seven days' detention. Thus one lad for the trumpery offence (?) of wearing his own clothes and saying a few words is penalized to the extent of £3 16s.

Case 3: Another case of "talking," but as he was otherwise a good boy his "talk" cost him only 23s. Yet these are loyal young Australians; but when sedition-mongers take possession of the people's parks and "talk" sedition, Bolshevism, anti-patriotism, strike, and stagnation for an hour or two in open defiance of a clearly-defined law, a ridiculous fine of 5s. is imposed.

The writer is hardly sympathetic with my views, and is likely to be impartial in

regard to the prosecutions that he criticises.

Case 4: "Failed to return to custody when instructed."—In this case "failure to return" cost the delinquent 43s., or ten days. It would be interesting to know what this trainee had been doing during his first period of detention.

Cases 5, 6, and 7, for want of space, I will pass over.

Case 8: "Disobedience to an officer."—Now, who was the "officer?" Was he some boy N.C.O., who, dressed in a little brief authority, gave an order for the sake of impressing his own superiority (?) upon his unfortunate mates? This is often the case, and when the tell-tale juvenile N.C.O. complains to the chief inflictor of unnecessary and unmerited punishment, a prosecution (or is it persecution) results.

And the prosecuting officer asked that detention be imposed without the option of a fine. Had the magistrate given way on this point, what an opportunity for a man armed with full legal powers to lead this lad a dog's life for two or three weeks! The defendant in this case has to increase the revenue by £3 3s., or suffer persecution for fifteen days.

When will parents and electors generally take heed of these things, these glaring miscarriages of justice, these Court farces which are a disgrace to Australia? That loyal Australian youths should have to appear in the Police Court to answer such trumpery charges and to be heavily fined or detained by force (practically gaoled) is a disgrace to any country pretending to be called "free." What a spectacle to see! One week enemies of our land and Empire who refuse to submit to any law but mob law are fined 5s. for a distinct breach of the law. Next week loyal Australian boys are ordered "detention" for "breaches of the Defence Act." Methinks the Defence Act is so full of "breaches" that it should have been in the waste-paper basket long ago. I would suggest that all parents of boys should take this matter up, and by constitutional means wipe out the clauses of the Defence Act that practically mean boy conscription, and set the boys free.—I am, &c.,

A LOYAL AUSTRALIAN.

Sir GRANVILLE RYRIE.—Wipe out all punishments, and we shall have a nice Force.

Mr. CONSIDINE.—That is a matter to be dealt with by the Assistant Minister, who is a believer in militarism. The honorable gentleman must recognise that the sentiments expressed by the writer of the letter I have quoted are not mine; they are written by a man who signs himself "A Loyal Australian," and he draws a distinction between men who voice in the parks and streets of Broken Hill opinions such as I hold and these

boys who commit minor offences against the Defence Act. He points out that men whom he regards as a menace to the Empire are let off with a paltry fine of 5s., whilst his son and other boys who are said to be loyal young Australians are heavily fined.

Mr. POYNTON.—The moral is that the honorable member ought to have been fined more heavily.

Mr. CONSIDINE.—I have not been fined at all. The Government took good care that I was sent to gaol without any option. However, whilst I do not mind a joke at my own expense, these punishments are no joke for the lads or their parents.

Mr. MAXWELL.—Does the honorable member object to the excess of punishment, or to the punishment itself?

Mr. CONSIDINE.—I object to any individual having power to persecute these lads in the vindictive manner that has been characteristic of these officers at Broken Hill.

Sir GRANVILLE RYRIE.—Does the honorable member say that the Area Officer should not be allowed to punish them at all?

Mr. CONSIDINE.—I object to the whole system. Under no system of training men or boys is such persecution justified.

Sir GRANVILLE RYRIE.—If the honorable member can point out one case in which an Area Officer has persecuted any boy, I will have him "sacked" at once.

Mr. CONSIDINE.—I have read to the Committee a list of cases.

Sir GRANVILLE RYRIE.—That is merely a statement by the honorable member's friend and correspondent that the boys are suffering persecution.

Mr. CONSIDINE.—He is no friend of mine. That letter proves his *bona fides* as a member of the National party. Some of his sentiments certainly tally with the Nationalist election propaganda in my electorate. This is not the first occasion on which this matter has been ventilated in this Chamber; lots of promises have been made by Ministers in regard to various abuses, but the fact remains that the military staff are the people whose determinations are carried out irrespective of what Minister is in office. The administration of the Defence Act, so far, has shown that the military authorities are determined, whether or not the people like it, to im-

pose their ideas of militarism upon the children of this country. The Assistant Minister himself has spoken of the necessity for discipline, and for training the children when young, and inculcating in them the principles of unquestioning obedience. The cases I have read to the Committee are the result. I am not a militarist, and no vote of mine will ever be given, at any rate while the present order of society continues, to help any military establishment in this or any other country.

Sir GRANVILLE RYRIE.—That is all right, as long as there is no military establishment in any other country.

Mr. CONSIDINE.—No system of military defence that could be devised could carry the weight of the persecution of youngsters that has taken place in Broken Hill. If the Assistant Minister values the position he occupies, and wishes to deal fairly with these children and their parents, who are not political supporters of mine, he will not wait to be supplied with charges, but will cause an immediate investigation into the cases that have been published broadcast, in order to establish what has been the practice in that military area. The facts cannot be denied.

Mr. POYNTON.—If the Germans had reached Australia they would have made the honorable member do the goose-step.

Mr. CONSIDINE.—In all probability they would not have been friends of mine, but would have associated with the Minister and his kind. I have listened to speeches by the Assistant Minister for Defence in denunciation of Prussianism and militarism, but I fail to distinguish between the German and the local exponents of militarism.

Mr. WEST (East Sydney) [4.58].—This Bill will authorize the first expenditure in the financial year 1920-21 for which we have not, and cannot yet have, a Budget. The voting of the amount specified in the Bill will enable the Government to pay the salaries of the Public Service that will be due in July. I should like the Acting-Treasurer to say whether any increases of salary will be paid from this grant.

Sir JOSEPH COOK.—No.

Mr. WEST.—I quite expected that answer. As the House is about to adjourn for a few weeks, it is necessary that the Government should receive parliamentary authority to pay the salaries of

the Civil Service. Yesterday I asked the Prime Minister (Mr. Hughes) whether the Government would instruct the Treasurer (Mr. Watt) not to negotiate for or contract any loans on behalf of the Commonwealth during his present visit to Europe. I suppose that the Prime Minister regarded it as impertinence on the part of an ordinary member to ask such a question, which concerns a matter of Government policy. At any rate, he answered me in a very abrupt fashion. In asking the question I had in mind a policy that would be of material benefit to the Commonwealth. Since the armistice, and particularly this year, there has been a remarkable rush on the part of the public of Great Britain to enter into investments and start new industries. For these and for other purposes there has been a very large call upon the credit of the country. The Chancellor of the Exchequer recently submitted a Budget which will make a very heavy levy upon the taxpayers, yet, with all the proposed taxation, the revenue of the Imperial Government will fall short of expenditure by approximately £533,000,000. The Bank of England was forced to raise the interest rate to $7\frac{1}{4}$ per cent.—that was the figure for last March—a higher rate than was charged during the late war, or, I believe, at any period in the history of England. The charging of such a high rate of interest on even gilt-edged securities was not for the purpose of earning more money, but in order to check the demand upon the credit of the country. I am satisfied that the Prime Minister is not possessed of all this information, because his multitudinous duties prevent him making a special study of financial questions. I consider it very injudicious for Australia to go upon the British money market at the present time. During the war there was no other means of raising the money necessary to carry on military operations, but now that the war is over we should seriously consider the inauguration of a new era in which we shall discontinue foreign borrowing. Of course, if the raising of additional money is essential, and time will not permit of taxation being levied to meet our war debts, we should, before approaching the markets of the Old World, thoroughly tap the monetary resources of Australia. It does not require a gigantic intelligence to understand that loans which are raised in Australia are locally controlled, and the interest upon them

is circulated amongst the community. In a short space of time the community returns that interest to the coffers of the monetary institutions. When we float a loan on the London market, we cannot go to the Port Phillip or Sydney Heads, and watch a steamer come in with the money on board. The loan is arranged by means of the exchange of goods, or by meeting existing credits. One of the chief causes of the high cost of living to-day is the high rate of exchange. There is only one way by which we can hope to get rid of that evil, and that is by lessening our imports. The Government should endeavour, as far as possible, to reduce imports into Australia. Any attempt of the kind would, of course, meet with a good deal of opposition. In the main streets of all our big cities, we see goods exposed for sale at almost fabulously high prices. These prices are obtained because of a notion on the part of many people that they must dress, according to the latest fashion. Even articles of the flimsiest character, merely because they happen to be of a fashionable colour, realize phenomenal prices. There are half-a-dozen persons wanting the one class of article, and the owner is therefore able to obtain a fabulous price for it.

I think the House will share my view that the Government should be instructed not to raise any further loans abroad until they have exhausted the opportunities which the Australian money market offers. During the last five years, we have been raising loans in Australia. Every one knows that a Government loan at $5\frac{1}{2}$ per cent. is regarded in financial circles as a gilt-edged security. I do not think that, during the war, we could have raised money at a lower rate of interest. But what is the position with which we are now confronted? Five years hence we shall have to redeem a loan of £25,000,000, and in 1927 we shall be called upon to redeem a loan of £80,000,000. Each of these loans bears interest at the rate of $5\frac{1}{2}$ per cent., and is exempt from income tax. We cannot afford to continue paying such a high rate of interest as we had necessarily to pay in war time. We had then to offer special inducements to secure the money we wanted; but I do not think any one dreamt of a company subscribing £2,500,000 in respect of one loan, and thus, allowing for the income tax exemption, securing a return on its investment

of from $7\frac{1}{2}$ to 8 per cent. How can we expect the country to progress if it is to go on borrowing money at such high rates of interest? If the Government are alive to their responsibilities, they will take steps as soon as the opportunity offers to relieve the people of the burden which these high rates of interest involve. After the Napoleonic wars the indebtedness of Great Britain was about £800,000,000. To-day it is £8,000,000,000; but the production of Great Britain is very much greater. Following upon the Napoleonic wars Great Britain, as its loans fell due, converted them into stock, bearing interest at a fixed rate, and redeemable by the Government at any time. We should do something in the same direction. The question is one that ought not to be treated in an off-hand way. We are living to-day on borrowed money; but there must come a time when borrowing must cease, just as the time must come when we must pay off our war indebtedness. I am not in the secrets of the Cabinet, but I hope that in the next Budget provision will be made for wiping out our existing loans. The British Government proposes to wipe out about £500,000,000 of its war indebtedness. We in Australia should also be able to reduce our war debt to a very considerable extent, even if we have to resort to a tax on wealth, or a levy on capital, in order to do so. Once we get back to our pre-war position we shall be able to reduce our taxation, and shall have an era of real prosperity. But so long as our war debts exist, and so long as the people have to find the money to pay the heavy interest bills which they involve, we cannot hope to make much progress. The money that is being collected from the people to meet our interest charges ought to be going into our primary and secondary industries, and so increasing our production.

I rose chiefly to explain the object I had in view in putting to the Prime Minister (Mr. Hughes) the question which he answered so abruptly this afternoon. I recognise now that I could have so framed it as to make it impossible for the right honorable gentleman to answer it so abruptly. In the latest issue of *The Times* to hand it is stated that the Bank of England has raised its interest rate to over 7 per cent., which is a higher level

than was even reached during the war period. The Bank of England has raised its rate really with the object of putting an end to speculative loans, and the same principle would apply equally well to Dominion loans.

Sir GRANVILLE RYRIE.—How does the honorable member make that out?

Mr. WEST.—Dominion loans cover longer periods than do those made in respect of British investments. The honorable gentleman must know that short-dated loans do not carry such high rates of interest as are demanded in respect of long-dated loans floated at Home for investment purposes beyond Great Britain. I hope that honorable members will give some consideration to my remarks; but, in any event, I am satisfied that the general public who read them in *Hansard* will recognise that there is an opportunity for the Government to do something to improve our position, and to relieve us of much that was necessary for the protection of our country during the war.

Mr. CORSER (Wide Bay) [5.19].—I wish to call attention to a matter of vital importance to the Commonwealth. I refer to the cotton industry. I have just received the report of the Bureau of Science and Industry for April last, and I am rather surprised that it does not give more information in connexion with this burning question. A little while ago, I suggested to the Government that a pamphlet should be issued for the information of those who were growing, or seeking to grow, cotton in Queensland and elsewhere. There are, no doubt, enormous areas of land suitable for the purpose; and the idea that cotton cannot be produced in the Commonwealth because of the high wages is quite exploded by information received from America and other countries, and quoted in the beforementioned report. It is there stated that, at the close of November, 1919, cotton pickers in the State of Texas were receiving from \$3 to \$3.50 for each 100 lbs. of cotton seed picked.

Mr. McWILLIAMS.—Is the work not all done by niggers?

Mr. CORSER.—There is only one place where it is done by niggers, elsewhere only white men are employed; and my contention is that this industry can be profitably carried on by white labour. It is stated in the report, on good

Mr. West.

authority, that a man can easily pick by hand from 200 lbs. to 300 lbs. per day, showing a very good return for the worker; indeed, it is stated that many of those employed have picked as much as 500 lbs. in a day, showing that this is not a black man's industry, but one for white men. Further, just as women and children engage in fruit-picking in Tasmania, they can engage in cotton-seed picking.

Mr. CONSIDINE.—We do not desire to have that class of labour introduced into this country.

Mr. CORSER.—We do not; but I am showing that the work can be done by women and children.

Mr. RILEY.—I should say that the picking of 500 lbs. a day is an extreme performance.

Mr. CORSER.—My authority is the Bureau report, which I ask honorable members to read, and judge for themselves. In some parts of the United States, the cotton picking extends from ninety days up to six months, so that it affords pretty constant employment; then the cotton is not all picked off the cotton bush in one picking, but very often extends to three and, in some cases, up to five pickings, the cotton not flowering and ripening all at once.

I had some experience of this industry in Queensland at the time of the Civil War in America, when we were called upon to help making good the world's shortage, and when companies, in what is now my own electorate, produced cotton very profitably. When the Civil War was over, the price of labour went down very much indeed, and coloured labour was called upon for the greater part of the work. That is not so to-day, and as circumstances have so altered, I feel that we should do everything possible to establish this industry on a white-labour basis.

Mr. WIENHOLT.—Do you not think that the producers would presently ask for a big duty?

Mr. CORSER.—I do not. If the Government were to extend the bonus from three years to six in order to encourage planting, I think that would prove all that is necessary. Honorable members can realize what an advantage it would be to us to produce a sufficient quantity of cotton, even for our own requirements.

Mr. RILEY.—Do you think that Queensland is suitable for cotton-growing?

Mr. CORSER.—Yes; and also many other parts of the Commonwealth. I saw it grown profitably in Queensland when prices were not so low as they subsequently became after the Civil War. I desire particularly to call attention to the fact that, although this Bureau of Science and Industry was designed to co-operate with similar institutions in the different States, that co-operation is not carried on in a business way. At the present time, I have a letter in my possession which shows that when a person engaged by the Queensland Bureau wrote to the Bureau in Melbourne asking for certain information, the reply was that he had better apply to his own Bureau. As the Queensland Bureau had employed this gentleman to obtain the information, the reply, I think, was a most peculiar one, showing that there is something wrong, although the information in the April number is valuable, and I hope that the Government and the Bureau of Science and Industry will get into touch with the Queensland Bureau and the bureaux of other States, with a view to the establishment of the cotton-growing industry. A large number of people in Queensland are taking the matter up, and, with very little encouragement, they would grow cotton successfully, and create a wonderful asset for the Commonwealth.

Mr. JACKSON (Bass) [5.28].—I take this opportunity to ask the Government to do something to promote the spread of Technical education. This could be done, I think, by supplementing the State grants, with great benefit to the Commonwealth as a whole. We have a Bureau of Science and Industry, but I doubt whether it will do as much in the way of the technical training of the youth of our country as would the adoption of the suggestion I have made, and the placing of a sum on the Estimates for the purpose.

Mr. GABB (Angas) [5.29].—I desire to call attention to the utterly inadequate remuneration which is given to those in charge of allowance post offices, especially in outlying districts. This urgent matter has been referred to by other honorable members, and I must add my voice to theirs, for these allowance officers suffer great disadvantages, and deserve the support and encouragement of the Government. I know that every one of them is supposed to be also engaged in some other occupation, but that is not so in every

case. There are places where it is impossible to obtain storekeepers to carry on the work, and others are keeping the offices going at rates not at all commensurate with their duties. The Postmaster-General (Mr. Wise), according to an answer to a question he gave, has this matter under consideration, and I hope exceptional cases will meet with justice.

I have had sent to me, in common, I suppose, with other honorable members, a communication from the Council of Public Service Associations, enclosing a resolution passed by it last evening. The communication is—

Melbourne, 20th May, 1920.

I have the honour by direction to bring under your notice the resolution set out hereunder adopted last evening at the meeting of this council, which represents the following Public Service organizations:—

The Federated Public Service Assistants Association.

The General Division Telephone Officers Association.

Post and Telegraph Association.

Commonwealth Postmasters Association.

Australian Letter-carriers Association.

Postal Linemen's Union.

General Division Officers Association of the Trade and Customs Department.

Postal Electricians Union.

Postal Sorters Union.

Commonwealth Public Service Clerical Association.

Commonwealth Artisans Association.

The resolution has been forwarded to all members of the National Parliament—Senate and House of Representatives.

As the matter is a most urgent one, we trust that you will assist us by having the resolution placed before the House praying the Government to take immediate action.

Yours faithfully,

J. H. CAMERON, Secretary.

RESOLUTION.

That this meeting of representatives of executives of Public Service organizations registers its most emphatic protest against the unconscionable delay in dealing with the Public Service cases now pending, and urges the Government to expedite the hearing.

I recognise the urgency and justice of the claim made, and I take this opportunity to have this communication recorded in *Hansard*. We members of this House, or some of us, recently expressed the opinion that we are entitled to an increase of salary. What happened? On the day the matter was brought up, two notices of motion and two orders of the day were postponed in order that we might discuss the proposal. We can rush the business when our own salaries are concerned, and I do not see why we cannot

Mr. Gabb.

be as expeditious in the interests of the public servants. I understand that to-day a measure is to be introduced to provide for an increase in the parliamentary allowance. We, it appears, can make a claim, and get it carried into effect by Act of Parliament within a week, whereas the Public Service organizations have to wait week after week and month after month. I hope the members of Parliament who are so careful to look after themselves will be just as careful in expeditiously looking after the claims of our employees. We, as members, receive £12 a week, but the public servants receive considerably less; and I hope that we shall show ourselves other than selfish, and expedite the consideration of their claims.

Mr. LAVELLE (Calare) [5.35].—I hope that some of the £40,000 set down for contingencies for the Department of the Postmaster-General will be devoted towards paying increased allowances to mail contractors in the drought-stricken areas of western New South Wales. Apparently many honorable members are not fully acquainted with the seriousness of the position in that part of the Commonwealth, which is suffering from the most disastrous drought ever experienced in the State. All sections of the community are affected, and the mail contractors are no exception to the rule; but while it is impossible for this Commonwealth Parliament to give relief to all sections of the people who are suffering, immediate relief can be given to the mail contractors. I feel sure that the Postmaster-General (Mr. Wise) believes that these men have been fairly treated because an increased allowance was paid to them last year, but if he is of that opinion it is only because he is not conversant with the true facts of the situation. I have received numerous letters on this subject. The following is one I received only to-day:—

I would respectfully ask you to make inquiries into the very unfair treatment which I have had meted out to me by the Postmaster-General's Department in connexion with the running of the Wellington-Parkes mail. In 1918 I was running this mail and was making a fair living, and put in a tender for 1919 at an increase of £28. This was based on the increased cost of living, and in making up my price I based it on the price of fodder at that time, as per List No. 1. Late in 1919, on account of the greatly increased price of fodder, an allowance of £11 18s. 2d. was made to me, while other contractors, with much smaller

mail contracts, received far greater allowances. On the 29th December, 1919, I wrote, asking why I was only allowed this small amount, and received a reply dated 15th January, 1920, from the Deputy Postmaster-General, stating that as my price for 1919 had been increased by £28, I had presumably made this increase to meet the rise in fodder, and therefore I had received better treatment than the other mail contractors. Now, is it at all feasible that such a difference in the price of fodder as shown by List No. 1 attached would be covered by a sum of £28? . . . I only want fairness; I am willing to work as hard as any man, but at present it is costing me £37 a month to run my mail contract, and under present conditions I cannot carry on. I might add that I lost £124 7s. in 1919.

The letter received from the Deputy Postmaster-General was as follows:—

In reply to your letter dated 29th December, 1919, I have to inform you that the 1919 price of the Wellington-Parkes mail service was £28 higher than in 1918, an increase of about 13 per cent., and as you held the service up to the end of 1918 and presumably raised your price for 1919 to meet the increased prices of fodder, you have actually been better treated than the others, as the remuneration paid to you for 1919 was about 18 per cent. higher than that for 1918, whilst the others received only a 15 per cent. increase.

My correspondent has attached what he refers to as List No. 1. It is as follows:—

PRICES OF FODDER.

August, 1918, when I contracted—Chaff, 5s. 9d. cwt.; corn, 5s. 9d. cwt.; oats, 4s. cwt.; bran, 1s. 1d. cwt., with grass.

November, 1919, when allowance was made—Chaff, 14s. cwt.; corn, 9s. 9d. cwt.; oats, 6s. 6d. cwt.; bran, 1s. 9d. cwt., with grass unprocureable.

Present prices—Chaff, 17s. cwt.; corn, 12s. cwt.; oats, 8s. cwt.; bran, 2s. 3d. cwt. No grass.

There has been an increase in the price of chaff of from 5s. 9d. per cwt. to 17s. per cwt., yet the Department say that this man has been generously treated by actually making him an allowance of £11 18s. 2d. to assist in making up his deficiency. I know that the Department say that special cases will be treated on their merits, but if a special case is sent along to them a reply comes to hand in a week or two to say that an allowance was made on such and such a date, referring to the 1919 allowance, and under the circumstances no further allowance can be made. This inflicts a severe injustice on the mail contractors and settlers in the drought-stricken areas. If a mail is to be delivered to these settlers, if the avenues of communication are to be kept open, and if these people are to be kept in touch

with civilization, the Postal Department must be more generous and must pay a greater allowance to the mail contractors. Otherwise it will be impossible for them to carry on. This afternoon the honorable member for Dalley (Mr. Mahony) advised the Postmaster-General to visit Sydney. I recommend the Minister and a few of his colleagues to travel through the drought-stricken areas of New South Wales and see the conditions with which the men and women there have to contend. Let them visit those districts where chaff is selling at 17s. per cwt., and where millions of stock are dying, and men are giving away their horses or shooting them rather than trying to keep them alive. They would know something of the conditions prevailing, and not only would see that the grievance of these mail contractors is removed, but also would expedite the matter of making use of the services of some of the Commonwealth steamers in the coastal trade in order to remove the surplus fodder of Western Australia and South Australia. In the ports of these States there are thousands of tons of chaff awaiting shipment to drought-stricken areas; it may be bought at a reasonable rate, and would assist in relieving the distress that now exists. I hope that the Postmaster-General will take notice of this matter, and see that his Department does not make use of the stereotyped reply that an allowance was made in 1919. That allowance does not cover the present circumstances, and therefore I hope the Department will adopt a different policy, and give some measure of relief to the mail contractors and those other people whose claims I have mentioned.

Mr. KERBY (Ballarat) [5.45].—I wish to follow up the remarks of the honorable member for Angas (Mr. Gabb) in reference to the inadequate allowance to some of our postal officials. The following memorandum has just been sent to a semi-official postmistress:—

I have to inform you that your term of office as semi-official postmistress has been extended for a period of one year from the 24th July, 1920. Your allowance will be at the rate of £204 per annum, made up as follows:—

	£	s.	d.
Postmistress (£110 less 10 per cent. for rent)	99	0	0
Assistant	52	0	0
Messenger	39	0	0
Maintenance	10	0	0
Bicycle	4	0	0
Total	204	0	0

You will receive 1d. per payment for work in connexion with work for military allotments (Any assistance required in this regard must be met out of this allowance). The usual agreement will in due course be forwarded to you for execution.

This country town post-office, which is doing a fair amount of business, is expected to be run at a cost of £204 per annum, but the postmistress is to be paid less than £2 per week, and the agreement between her and the Deputy Postmaster-General states that she must give the whole of her time to the performance of her duties. It is an instance of sweating on the part of the Department. I know that it is particularly hard for the Postmaster-General (Mr. Wise) to carry on with the funds placed at his disposal up to date, but it would benefit the whole community if these allowance officers were put on a better salary, and given more opportunities of advancement.

Question resolved in the affirmative.

Bill read a second time.

In Committee:

Clauses 1 to 4 agreed to.

Schedule.

Mr. McWILLIAMS (Franklin) [5.49].

—I move—

That the proposed vote, £4,780, for the Attorney-General's Department, be reduced by £1, with a view to testing the feeling of the Committee as to whether the provisions of the Moratorium Act should be extended.

If the Government will consent to extend the protection afforded by the Moratorium Act until Parliament re-assembles I am content to let the matter go for the moment, and the House can decide the question when it meets again.

Mr. JAMES PAGE.—When does the Act expire?

Mr. McWILLIAMS.—On the 30th June.

Sir JOSEPH COOK.—It has been gradually expiring for a long time, and entirely ceases to have effect on the 30th June.

Mr. McWILLIAMS.—If the Government will continue the protection afforded by the Act—

Mr. JAMES PAGE.—They cannot.

Mr. McWILLIAMS.—The War Precautions Act has as much force to-day as it had when the first regulation was issued under it. Had it not been that the Acting Attorney-General (Mr. Groom) and

the honorable member for Kooyong (Sir Robert Best) told the House that, as peace was about to be declared, if we extended the moratorium for twelve months instead of six months, as was proposed, we would jeopardize its validity, members would have voted for the longer period. I am moving in this matter not, as the Prime Minister suggested last evening, because of the drought. The war has brought about an absolutely unprecedented state of the money market in Australia, and the difficulties thus occasioned have been accentuated by one of the worst droughts in New South Wales, Queensland, and Tasmania that those States have ever known.

Mr. WIENHOLT.—And one of the longest.

Mr. McWILLIAMS.—Yes. In no other drought have the primary producers suffered such losses. The total wealth of Australia is estimated at about £1,760,000,000, of which the value of private lands and the improvements on them is about £1,106,000,000. It is not possible to obtain statistics regarding the mortgages in force to-day, but I believe that between £300,000,000 and £500,000,000 has been advanced on mortgage in respect of the £1,106,000,000 worth of private lands. Before the war money was advanced on mortgage by the ordinary banks, the Savings Banks, the insurance companies, and the trustee associations, and very large sums were sent from Great Britain, where the rate of interest was from $2\frac{3}{4}$ to $3\frac{1}{4}$ per cent., to be invested here at from 4 to $4\frac{1}{2}$ per cent. The borrowing of the Commonwealth Government for war purposes has all but completely dried up the sources from which money could be obtained on mortgage. Over £140,000,000 has been put into war loans. Had anyone before the war ventured to predict that this country could have made that magnificent contribution for its own defence he would not have been credited.

Mr. BRUCE.—Do you say that it is difficult to borrow money on mortgage security to-day?

Mr. McWILLIAMS.—Yes, and often impossible. The honorable member for Kooyong (Sir Robert Best) said some time ago that if I would bring to him any mortgage proposal offering a reasonable security he would get the money for me. I took to him a proposal in regard to which the property offered for security had been

valued by the valuer of the Commonwealth Bank at £16,500, and the manager of the Bank had verified that valuation. I went to the honorable member for Kooyong with the proposal to borrow £9,000 on the security of that property, paying 6 or 7 per cent. interest, but at the end of three weeks the honorable member had to tell me that it was impossible to get the money in Melbourne. In every town in Australia to-day men are walking from place to place trying to borrow money on mortgage, and failing to do so, because the money is not available. The manager of one of the big insurance companies told me the other day that for more than two years his company had not lent 1s. on mortgage, the whole of its surplus funds being put into the war loans. The insurance companies, especially the National Mutual and the Australian Mutual Provident societies, and the Savings Banks put very large sums into the war loans. The members of the Country party are receiving floods of urgent telegrams from all parts of Australia, especially from New South Wales and Queensland, urging them to get the moratorium extended because of the impossibility of renewing loans. Money is to-day as dear in England as it is in Australia. In innumerable cases operations have been suspended under the belief that Parliament would before now have taken steps in the direction I suggest. I have gone into this matter as closely as I could, and if my estimate of the amount of money now out on mortgage is anything like correct, as great a financial disaster as ever occurred in any country will occur in Australia if the moratorium is lifted completely on the 30th June. There is not a bank in Australia that to-day will advance money on mortgage; they will give only overdrafts, which can be called up without notice.

Mr. BRUCE.—It is not their business to lend money on mortgage.

Mr. McWILLIAMS.—That is so; but the Savings Bank used to lend a very considerable amount on mortgage. They received enormous sums of money, the result of the economy of workers and persons with small incomes, and these were let out at interest on mortgage; but for the last two or three years this money, together with that of the trustee associations and of the insurance companies, has been put into war loans. One does not care to say these things, but it is use-

less to try to hide facts, and we know that the last loan "hung fire" to a certain extent, and was completely covered only under the threat of compulsion. The banks will tell you to-day that, believing that another forced loan is coming, they have to make provision for it.

Mr. POYNTON.—There is nearly £30,000,000 more in the Savings Banks to-day than there was in 1914.

Mr. McWILLIAMS.—In cash or in bonds? Practically the whole of the deposits in the Savings Banks have been put into the war loans.

Mr. BRUCE.—Money cannot be at the banks and in war loans at the same time.

Mr. McWILLIAMS.—I think that the Minister does not mean that there has been an actual increase in cash deposits to the extent he has named. From inquiries that I have made I know, and the figures of the Savings Banks show, how greatly their resources have been drawn on to support the war loans and the peace loan. Attention has been drawn to the hardship that will be inflicted on mortgagees if they cannot recover what they have advanced, but it must be remembered that the rates of interest were increased. For example, on amounts exceeding £5,000, the rate of interest was made 6 per cent. under the moratorium, so that the mortgagee is getting $1\frac{1}{2}$ per cent. more than he contracted for. It is not a good thing for Parliament to interfere, in ordinary times, in matters of this kind, but the war has upset the financial, social, political, and industrial equilibrium of the world, and conditions now cannot be compared with those of pre-war days. The hardship inflicted on the mortgagee who is compelled to leave his money out at interest is not so great as that which would be inflicted on the men whose homes would have to be sold up if the advances made to them were recalled.

Mr. BAMFORD.—Who are appealing to Parliament for relief?

Mr. McWILLIAMS.—Appeals have come from the honorable member's district.

Mr. BAMFORD.—Not one.

Mr. McWILLIAMS.—We have received several urgent telegrams.

Mr. BAMFORD.—None has come to me.

Mr. LAZZARINI.—And you have not had any from my district.

Mr. McWILLIAMS.—I cannot say. Telegrams have come to us from farmers' organizations all over Australia.

Mr. JAMES PAGE.—From Queensland?

Mr. McWILLIAMS.—Yes.

Mr. JAMES PAGE.—From what part of Queensland?

Mr. McWILLIAMS.—The last I received came yesterday and was from Toowoomba.

Mr. JAMES PAGE.—Toowoomba is not Queensland.

Mr. McWILLIAMS.—I passed over the Darling Downs a few days ago and the country was in a worse condition than I have ever seen it in. There were men who told me that they had saved nothing off their properties for two and a half years. I mention that fact to illustrate the extraordinary position in which some men are placed. If the mortgages are called up, the money is not available to replace them.

Mr. JAMES PAGE.—The States have a legal right to attend to this matter.

Mr. McWILLIAMS.—So has the Commonwealth.

Mr. WISE.—That is questionable.

Mr. McWILLIAMS.—When the Labour Government, led by the present Prime Minister, was in power, Parliament passed a Moratorium Bill. Later, by regulations under the War Precautions Act, the moratorium was extended. I am now asking the Committee to agree to a further extension over the period of the forthcoming adjournment of Parliament. If the House were not about to adjourn, I would not adopt this course, but I am afraid that, unless some steps are taken now, many people will be sold up between now and the re-assembling of Parliament. I am asking the Committee to instruct the Government to protect the borrower until Parliament meets again, when Parliament itself may decide the issue, not by any regulation under the War Precautions Act, but by a deliberate enactment. That is a fair and reasonable proposal. In various ways I have tried to bring this matter before the House. A notice of motion which I had upon the business-paper I have withdrawn in order to raise

the issue to-day. My apprehension in regard to the termination of the moratorium applies not only to the country but also to the town. I know of men who bought homes in towns and paid down £300 or £400, and have mortgages of several hundreds of pounds. It will be just as difficult for those men to get other money if the present mortgages are called up as it will be for men on the land who owe larger sums.

Mr. AUSTIN CHAPMAN.—It is a question of price.

Mr. McWILLIAMS.—It is not. I know of men who have offered 7 per cent. interest for a renewal of mortgages. Very few will say that that is not a sufficient rate of interest to be paid by a man on the land.

Mr. BRUCE.—It is too much to pay on a mortgage.

Mr. McWILLIAMS.—Money cannot be obtained for less.

Mr. BRUCE.—It can.

Mr. McWILLIAMS.—I am prepared to hand over to the honorable member certain properties on which loans are required, as I did to the honorable member for Kooyong (Sir Robert Best), who after endeavouring for three weeks, failed to raise the money. I have interviewed managers and directors of banks in order to ascertain the state of the money market, and they have told me that the market is tighter than they have ever known it, although there is more money afloat. That contradictory state of affairs is, I believe, due to the inflation of the paper currency. When men in different States are seeking in vain to renew gilt-edged security mortgages at 7 per cent., it is time for this Parliament to act as it is doing in connexion with very many other matters. This is as much the aftermath of the war as is the care of maimed soldiers. It is better that a number of men should be compelled to allow their mortgages to continue beyond the contract period than that one man, let alone possibly thousands, should be sold up on account of mortgage money that cannot be replaced. I have tried to state the case as fairly as I could, and I ask the Committee to agree to this motion as an intimation to the Government that they must protect these people until Parliament re-assembles.

Sir JOSEPH COOK (Parramatta—Minister for the Navy and Acting Treasurer) [6.11].—The honorable member for Franklin made out a pitiful case, which, if it were correct in every particular, would stagger the country. But is there not, after all, just a little exaggeration in his statement—as, for instance, when the honorable member referred to mortgages to the amount of £300,000,000 to £500,000,000 being affected by the moratorium?

Mr. McWILLIAMS.—I stated that the mortgages on the real estate of Australia amounted to between £300,000,000 and £500,000,000.

Sir JOSEPH COOK.—And the inference was that a great proportion of that amount would be affected by the honorable member's proposal.

Mr. McWILLIAMS.—Some of it would.

Sir JOSEPH COOK.—But unfortunately only a relatively small proportion. The case is bad enough; no good is done by exaggerating it and making it appear worse. In the first place, these cases to which the honorable member has referred must be very few by this time, and confined to certain areas in the Commonwealth, because I understand that ever since the outbreak of war the mortgagee has had the right to contract himself out of these obligations.

Mr. TUDOR.—I believe that has been done in every case.

Mr. McWILLIAMS.—Any lawyer of repute will tell the Acting-Treasurer that a man cannot contract himself out of a legal obligation.

Sir JOSEPH COOK.—Lawyers of repute have assured me that mortgagees have contracted themselves out of these obligations in nearly every case. Indeed, it has been almost impossible to borrow money without such a clause being included in the mortgage. That being the case, the farmers will not be benefited very much if the moratorium be extended. A good case could be made out on the other side, but I shall not attempt to make it out. I am looking at the matter in the gravest possible light, but there are more difficulties in the way of a renewal of the moratorium than in the way of taking other steps to give relief to the farmers.

Mr. MATHEWS.—What do the Government propose to do?

Sir JOSEPH COOK.—We propose to discuss with the State Premiers the whole of the facts and their gravity, and the continuance of the drought, and with a keen desire to improve the situation in every possible way. That, after all, is more likely to lead to something of practical value being done than would any steps to enforce the continuance of the moratorium. In those circumstances, I suggest that honorable members might very well let this matter pass, accepting my assurance that this matter will be discussed with the representatives of the States at the forthcoming Conference of Premiers.

Mr. HUGHES (Bendigo—Prime Minister and Attorney-General [6.15]).—I wish to deal with the very important issue raised yesterday by the honorable member for Cowper (Dr. Earle Page) in relation to the conveyance of fodder to starving stock. I promised yesterday that I would get into communication with the manager of the Commonwealth Line of Steamers, with a view to seeing what relief could be given. I have discussed the situation with Admiral Clarkson and Mr. Eva, and I now desire to put the Committee in possession of the facts. Honorable members will admit that the facts are a little surprising in view of the continuous demands that have been made that Commonwealth vessels should be made available for this work. Three of the Commonwealth steamers are now engaged, and have been engaged for a considerable time, in bringing phosphatic rock from Ocean Island to Australia, without which the farmer could not carry on his operations. No other vessels are available for the purpose, and practically the whole of Australia's requirements in phosphatic rock are carried by the Commonwealth steamers. A fourth vessel of the Commonwealth Line, the *Bulga*, is now on its first visit to Ocean Island, and will return to Australia with a cargo of phosphatic rock. The second three vessels built in Australia are now employed solely on the coast. Thus are seven of our vessels accounted for. In addition, the ex-enemy vessels *Coo-ee* and *Parattah* were allocated to the coastal trade in December last. That accounts for nine vessels. The tenth, the wooden steamer *Bundarra*, is now loading for her first coastal trip. In addition to the regular coastal work in which these ten vessels have been engaged, our other overseas liners have been utilized for coastal work

on every occasion on which cargo has been available. For instance, the *Australpeak* was employed to carry fodder on 4th November, 1919, from South Australia to Sydney and Brisbane whilst she had still on board her original oversea cargo. All this work, of course, involved great loss of money to the Commonwealth; not one of these vessels returns the cost of the oil she uses.

In order that honorable members may know the extent to which we have assisted in carrying coastal cargo, I may state that, since the beginning of 1918, 275,317 tons of such cargo have been carried by Commonwealth steamers. So much for what has been and is being done. When the honorable member brought up this matter yesterday I had not, as I complained, the facts before me, as I should have had if he had given me notice of his intention. I therefore take this opportunity of putting them before the Committee.

In pursuance of the promise that I made yesterday I have instructed the manager of the Commonwealth line of steamers to get into wireless communication with the *Bakara*, now *en route* from Cape Town to Melbourne, and to arrange for her to pick up coastal cargo. This she will do. I also instructed him that the steamer *Australglén*, due in Sydney very shortly, should, upon the completion of her discharge, be used for one or more trips for the carriage of coal and produce. She will carry fodder to New South Wales and return with a cargo of coal. A new steamer, the *Eurelia*, now being constructed, will shortly be available, and I have given instructions that she shall be placed on the coastal trade. That will make a total of eleven Commonwealth steamers on the coast, exclusive of those which we are diverting for coastal carriage purposes. I sent a cablegram yesterday to London to ascertain at what price three 5,000 to 6,000 tons dead weight vessels could be purchased or chartered for immediate delivery. Upon receipt of an answer I shall bring the price before the House, and it will be for honorable members to say whether or not we should buy.

This disposes at once of the statements that have been made that the Commonwealth line of steamers is doing nothing in the coastal trade to assist the pro-

Mr. Hughes.

ducers. In addition to the vessels I have named, every one of our steamers going overseas is carrying Australian produce to the world's markets, and by its competition is keeping down the Combine's oversea freights. I must say this—and I say it with all respect to those who differ from me—that if Lord Inchcape had briefed men in this House to destroy the only competitor the Combine has, these honorable members could not have acted more effectively. The only competitor that now stands against the British Shipping Combine is this line of steamers owned and wholly controlled by the Commonwealth. Some honorable members never seem to be satisfied unless they can put the vessels of that line where they not only cannot “earn their own salt,” so to speak, but where they actually lose thousands of pounds on every voyage.

Mr. McWILLIAMS.—Because you run them half empty.

Mr. HUGHES.—What nonsense! If the honorable member were only half as full of wisdom as these vessels are of cargo, he would make a better impression on the House and the country. Take one instance. We loaded a vessel with 9,000 tons of cargo. Not only was she full, right up to the hatches, but she carried deck cargo. And yet we lost on the voyage. And we shall continue to lose, even with the 20 per cent. increase in freights.

Mr. McWILLIAMS.—To what vessel does the Prime Minister refer?

Mr. HUGHES.—To one of the Commonwealth line.

I come now to another point. While stock are starving in New South Wales, fodder is abundant in Victoria. Why is it that Victorian fodder is not going into New South Wales? I shall give the House some of the reasons. It is due mainly to the delay in unloading Victorian railway trucks at the New South Wales border. Here are some facts and figures from an official report that will prove my assertion—

ALBURY.

Victorian trucks waiting unloading ..	145
Trucks at adjacent stations waiting to unload at Albury ..	520
Trucks unloaded at Albury yesterday..	129
Owing to the congestion, the Victorian railways have not accepted traffic for Albury since 15th May.	

WAHGUNYAH.

Victorian trucks waiting unloading ..	52
Trucks at adjacent stations waiting to unload at Wahgunyah ..	147
New South Wales empty trucks at Corowa, to where Wahgunyah goods are carted ..	10
Trucks released yesterday ..	28

TOCUMWAL.

Victorian trucks waiting unloading ..	113
Trucks at adjacent stations waiting to unload at Tocumwal ..	151
New South Wales empty trucks available ..	6
Coal trucks available when unloaded ..	26
Trucks released yesterday ..	21

From the above it will be seen that there are at present 1,194 Victorian trucks, of which it is safe to say over 1,000 contain fodder, waiting to unload at New South Wales border towns. Yesterday 178 trucks were unloaded, and this was greatly above the average for many days.

These facts speak for themselves. I think I have given a complete answer to the complaint that has been made. Our vessels have been put on the coastal trade. I shall put on others if we can obtain them. When we obtain an answer to our cablegram as to the price at which additional steamers can be purchased, I shall submit the price to the House; and when I do so the first honorable member to rise and say, "We ought not to buy these steamers," will be the honorable member for Franklin.

Mr. TUDOR (Yarra) [6.27].—I should like to remind the Prime Minister (Mr. Hughes) that he has never heard any member of the Labour party denounce the Government for its action in purchasing Commonwealth ships. No such denunciation has come from this side. Nor can it be said that I have ever denounced the Coal Board. On the contrary, I have said the Board have done magnificent work. But, while the Government are taking this action to assist the primary producers, may we ask what private enterprise is doing in the same direction? Those who are continually howling for private enterprise, and demanding that there shall be no Government interference with trade, should ask their private enterprise friends who are owners of steam-ships to do a little more for the producers of Australia by carrying their produce for them at lower rates.

Mr. PARKER MOLONEY (Hume) [6.29].—I informed the Minister for the Navy (Sir Joseph Cook), who was in

charge of the House at the time, that, in view of the statement made by the Prime Minister (Mr. Hughes) that nothing could be done in regard to the continuation of the moratorium regulations, and that the Government were determined to do nothing, that I would submit a further amendment. While extremely anxious that something should be done for the people concerned in this matter, I am inclined to think that the course pursued by the Leader of the Country party (Mr. McWilliams) is not quite the right one. I am anxious to do the best thing, because I am convinced of the urgency of the matter. I informed the Minister for the Navy that I would move that the total of the proposed vote be reduced by £1, as an instruction to the Prime Minister to bring the question of the moratorium before the Premiers' Conference—

Mr. HUGHES.—I will do that.

Mr. PARKER MOLONEY.—I desire to obtain the Prime Minister's assurance.

Mr. HUGHES.—I certainly give the honorable member that assurance.

Mr. PARKER MOLONEY.—I am very pleased to have that assurance of the Prime Minister that, at the Conference of State Premiers, to be held a few days hence, he will endeavour to impress upon the visiting Premiers the urgent necessity of doing everything in their power to give relief by securing an extension of the moratorium. I believe that it is a State matter. We have hitherto taken action under the War Precautions Act, but if that Act is to cease to operate in a month's time, then clearly we are unable to secure for these people the desired relief. I accept the Prime Minister's assurance.

Amendment negatived.

The TEMPORARY CHAIRMAN (Mr. Atkinson).—The question is that the schedule be agreed to.

Mr. McWILLIAMS.—I call for a division on my amendment.

The TEMPORARY CHAIRMAN.—I put the question clearly, and there was no call for the "Ayes." The amendment has been negatived, and I cannot re-open the matter.

Schedule agreed to.

Title agreed to.

Bill reported without amendment; report adopted.

Bill read a third time.

THE WAR: RECOGNITION OF SERVICES.

Mr. SPEAKER (Hon. W. Elliot Johnson).—I wish to announce to the House that at 7.30 p.m., in the Queen's Hall, it is proposed to present to representatives of the Navy and Army, and others, the resolution of thanks recently passed by Parliament to the Naval and Military Forces of the Commonwealth and others for their services during the war. I ask

honorable members to assemble on the north side of the Queen's Hall two or three minutes before that time. I shall resume the chair at 8.15 p.m.

Mr. TUDOR.—Why on the north side of the Queen's Hall?

Mr. SPEAKER.—Because the centre of the hall will be reserved for those who are to take part in the ceremony, while the south side of the hall will be occupied by members of another place.

Sitting suspended from 6.30 to 8.15.

Members of the House of Representatives.

Speaker—The Honorable William Elliot Johnson.

Chairman of Committees—The Honorable John Moore Chanter.

Anstey, Frank ..	Bourke (V.)	Johnson, Hon. William Lang (N.S.W.)	Elliot
Atkinson, Llewelyn ..	Wilmot (T.)	Jowett, Edmund ..	Grampians (V.)
Bamford, Hon. Frederick ..	Herbert (Q.)	Kerby, Edwin Thomas ..	Ballarat (V.)
William		John	
Bayley, James Garfield ..	Oxley (Q.)	Lamond, Hector ..	Illawarra (N.S.W.)
Bell, George John ..	Darwin (T.)	Lavelle, Thomas James ..	Calare (N.S.W.)
Best, Hon. Sir Robert ..	Kooyong (V.)	Lazzarini, Hubert Peter ..	Werriwa (N.S.W.)
Wallace, K.C.M.G.		Lister, John Henry ..	Corio (V.)
Blakeley, Arthur ..	Darling (N.S.W.)	Livingston, John ..	Barker (S.A.)
Blundell, Reginald Pole ..	Adelaide (S.A.)	Mackay, George Hugh ..	Lilley (Q.)
Bowden, Eric Kendall ..	Nepean (N.S.W.)	Mahon, Hon. Hugh ..	Kalgoorlie (W.A.)
Brennan, Frank ..	Batman (V.)	Mahony, William George ..	Dalley (N.S.W.)
Bruce, Stanley Melbourne ..	Flinders (V.)	Makin, Norman John ..	Hindmarsh (S.A.)
Burchell, Reginald John ..	Fremantle (W.A.)	Oswald	
Catts, James Howard ..	Cook (N.S.W.)	Maloney, William ..	Melbourne (V.)
Cameron, Donald Charles ..	Brisbane (Q.)	Marks, Walter Moffitt ..	Wentworth (N.S.W.)
Chanter, Hon. John Moore ..	Riverina (N.S.W.)	Marr, Charles William ..	Parkes (N.S.W.)
Chapman, Hon. Austin ..	Eden-Monaro	Clanan	
	(N.S.W.)	Mathews, James ..	Melbourne Ports (V.)
³ Charlton, Matthew † ..	Hunter (N.S.W.)	Maxwell, George Arnot ..	Fawkner (V.)
⁴ Considine, Michael Patrick ..	Barrier (N.S.W.)	McDonald, Hon. Charles ..	Kennedy (Q.)
Cook, Right Hon. Sir ..	Parramatta	McWilliams, William James ..	Franklin (T.)
Joseph, P.C., G.C.M.G.	(N.S.W.)	Moloney, Parker John ..	Hume (N.S.W.)
Cook, Robert ..	Indi (V.)	Nicholls, Samuel Robert ..	Macquarie (N.S.W.)
Corsier, Edward Bernard ..	Wide Bay (Q.)	Page, Earle Christmas ..	Cowper (N.S.W.)
Cresset		Grafton	
Cunningham, Lucien ..	Gwydir (N.S.W.)	Page, Hon. James ..	Maranoa (Q.)
Lawrence		Poynton, Hon. Alexander ..	Grey (S.A.)
Fenton, James Edward ..	Maribyrnong (V.)	Prowse, John Henry ..	Swan (W.A.)
² Fleming, William Mont- ..	Robertson (N.S.W.)	Riley, Edward ..	South Sydney
gomerie			(N.S.W.)
Foster, Hon. Richard ..	Wakefield (S.A.)	Rodgers, Arthur Stanis- ..	Wannon (V.)
Witty		laus	
² Fowler, Hon. James ..	Perth (W.A.)	Ryan, Hon. Thomas ..	West Sydney
Mackinnon		Joseph, K.C.	(N.S.W.)
Francis, Frederick Henry ..	Henty (V.)	Ryrie, Sir Granville de ..	North Sydney
Gabb, Joel Moses ..	Angas (S.A.)	Laune, K.C.M.G., C.B., ..	(N.S.W.)
Gibson, William Gerrard ..	Corangamite (V.)	V.D.	
Greene, Hon. Walter ..	Richmond (N.S.W.)	Smith, Hon. William ..	Denison (T.)
Massy		Henry Laird ..	
Gregory, Hon. Henry ..	Dampier (W.A.)	Stewart, Percy Gerald ..	Wimmera (V.)
Groom, Hon. Littleton ..	Darling Downs (Q.)	Story, William Harrison ..	Boothby (S.A.)
Ernest		Tudor, Hon. Frank Gwynne ..	Yarra (V.)
Hay, Alexander ..	New England	³ Watkins, Hon. David ..	Newcastle (N.S.W.)
	(N.S.W.)	Watt, Right Hon. William ..	Balaclava (V.)
Higgs, Hon. William Guy ..	Capricornia (Q.)	Alexander, P.C.	
Hill, William Caldwell ..	Echuca (V.)	West, John Edward ..	East Sydney
Hughes, Right Hon. ..	Bendigo (V.)		(N.S.W.)
William Morris, P.C.,		Wienholt, Arnold ..	Moreton (Q.)
K.C.		Wise, Hon. George Henry ..	Gippsland (V.)
Jackson, David Sydney ..	Bass (T.)		

1. Sworn 27th February, 1920. — 2. Sworn 3rd March, 1920. — 3. Appointed Temporary Chairman of Committees.
4th March, 1920. — 4. Made affirmation 5th March, 1920.
† Sworn 11th May, 1920

HEADS OF DEPARTMENTS.

Senate.—C. G. Duffy, C.M.G.

House of Representatives.—W. A. Gale.

Parliamentary Reporting Staff.—B. H. Friend.

Library.—A. Wadsworth.

Joint House Committee.—G. H. Monahan.



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COMMITTEES.

SENATE.

- DISPUTED RETURNS AND QUALIFICATIONS.—Senator Barnes, Senator Keating, Senator Lynch, Senator Maughan, Senator O'Keefe, Senator Pratten, and Senator Senior.
- STANDING ORDERS.—The President, the Chairman of Committees, Senator Barnes, Senator de Largie, Senator Foll, Senator Guthrie, Senator McDougall, Senator O'Keefe, and Senator Earle
- LIBRARY.—The President, Senator Bolton, Senator Gardiner, Senator Keating, Senator Lynch, Senator Maughan, and Senator Pratten.
- HOUSE.—The President, Senator Bakhap, Senator Buzacott, Senator Guy, Senator O'Loughlin, Senator Needham, and Senator Rowell.
- PRINTING.—Senator Barker, Senator Grant, Senator Guy, Senator Newland, Senator Plain, Senator Reid, and Senator Senior.
- PUBLIC ACCOUNTS (JOINT).—Senator Crawford, Senator Earle, Senator McDougall.
- PUBLIC WORKS (JOINT).—Senator Henderson, Senator Needham, Senator Newland.

HOUSE OF REPRESENTATIVES.

- STANDING ORDERS.—Mr. Speaker, the Prime Minister, the Chairman of Committees, Mr. Atkinson, Mr. Charlton, Mr. Fowler, and Mr. Tudor.
- LIBRARY.—Mr. Speaker, Mr. Anstey, Mr. Fleming, Mr. Fowler, Mr. Higgs, Mr. Lamond, Mr. Mackay, Mr. Maxwell, Dr. Maloney*, and Mr. McDonald.
- HOUSE.—Mr. Speaker, Mr. R. W. Foster, Mr. Gregory, Mr. Livingston, Mr. Mathews, Mr. James Page, Mr. Rodgers, and Mr. Watkins.
- PRINTING.—Mr. Bamford, Mr. Bowden, Mr. Corser, Mr. Fenton, Mr. McWilliams, Mr. Riley, and Mr. West.
- PUBLIC ACCOUNTS (JOINT).—Mr. Bayley, Mr. Fenton, Mr. Fleming, Mr. Fowler, Mr. Prowse, Mr. West
- PUBLIC WORKS (JOINT).—Mr. Atkinson, Mr. Bamford, Mr. Gregory, Mr. Mackay, Mr. Mathews, and Mr. Parker Moloney.
- SEA CARRIAGE: SELECT COMMITTEE.—Mr. Atkinson, Mr. Burchell, Mr. Corser, Mr. Foster, Mr. Mahony, Mr. McWilliams, and Mr. Watkins.

* Appointed 30th March, 1920.